CITY OF DESOTO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Prepared by the

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CITY MANAGER

Brandon Wright

CITY COUNCIL

Rachel Proctor, Mayor

Kay Brown-Patrick, Council Member
Nicole Raphiel, Mayor Pro Tem
André Byrd, Council Member
Dinah Marks, Council Member
Candice Quarles, Council Member
Letitia Hughes, Council Member

CITY OF DESOTO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

CITY OF DESOTO, TEXAS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION

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City of DeSoto

March 16, 2021

To the Citizens of the
City of DeSoto, Texas

In accordance with State Law, municipalities are required to publish a complete set of audited financial statements with an opinion. Accordingly, these documents must be submitted six (6) months prior to the end of any given fiscal year (FY). Therefore, this detailed report fulfills that requirement for the FY that ended Monday, September 30, 2020.

Management assumes full responsibility for the completeness and reliability of information contained within this report, which is based upon a comprehensive framework of internal controls that were established for this purpose. The costs associated with implementing these internal controls should not exceed its anticipated benefits. In particular, the overall objective is to provide a reader with reasonable and not absolute assurance that all financial statements are free of material misstatements.

At the conclusion of the FY that ended on Wednesday September 30, 2020, Pattillo, Brown & Hill, LLP, Certified Public Accountants issued the City of DeSoto an unmodified ("clean") opinion. In the beginning financial section of this document, a viewer can find the independent auditors' report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report that includes a narrative introduction, overview, and an analysis of basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the entire document for a superior level of understanding.

Profile

Located in the Best Southwest region of Dallas County, the City of DeSoto is in close proximity to downtown Dallas and has a total area that covers 21.6 square miles. In 2020, it was estimated that the City of DeSoto had 56,224 residents. This growing community has access to three (3) major thoroughfares, I-35 (eastern border), Highway 67 (western border) and I-20 (northern border).

As a political subdivision and municipal corporation of the State, the City of DeSoto adopted a home rule charter that serves as its governing document over local issues. This enabled the residents to establish a Council/Manager form of government. The policy making body is comprised six (6) Council members and a Mayor. These elected officials enact local legislation and adopt annual budgets. They are also responsible for appointing the City Secretary, City Attorney, City Manager and Judge.

The City Manager serves as the Chief Administrative Officer and is responsible for managing all municipal operations. Major services provided under general government and enterprise functions are: public safety (police and fire), street maintenance, water and sewer, parks and recreation, library and general administrative services.

Accounting System and Budgetary Control

The financial accounting system serves as a means to ensure that there are adequate internal controls. Internal controls provide a reasonable level of assurance in regards to, safeguarding assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing statements and asset accountability. Management assumes responsibility for the completeness and reliability of the information contained within this report, which is based upon a comprehensive framework of established internal controls for this specific purpose. Most importantly, the cost of internal controls should not exceed its anticipated benefits. The overall objective is to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatements.

The accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable. Once services or goods are received and the liabilities have been incurred, expenditures are then recorded. Accounting records for enterprise activities are maintained on an accrual basis.

Government-wide financial statements are prepared using the accrual basis of accounting, as well as the economic resources measurement focus. In particular, these statements do not provide information by fund. It is separated by activities associated with governmental, business-type, discretely presented component units on statements for net assets and activities.

Budgetary Controls - During the preliminary budget process, proposed revenues and expenditures for each department are thoroughly analyzed by two (2) departments (Finance and Administration). At the conclusion of these departmental reviews, the City Council will be forwarded a copy of these finalized documents. In accordance with the City Charter, the City Council must adopt a budget ten (10) days in advance of a new fiscal year. Budgetary statements and schedules are presented for all funds with legally adopted budgets. The Homeland Security Grant Fund and Public Improvement District Fund do not have legally adopted budgets and accordingly budget information is not presented for these funds.

The overall objective for having these budgetary controls is to ensure compliance with legal provisions. Activities of the general fund (GF), water and sewer fund, and all other funds are included in the annual budget. The level of budgetary controls (the level that expenditures cannot legally exceed its appropriated amounts) is established by departments within its individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council.

Relevant Financial Policies

By policy, the annually adopted FY budget must be balanced with fund reserves. In FY 2020, the GF had a fund balance of $ 33,239,424, which exceeded the mandated reserve requirement of 60-days.

Every FY, the City utilizes its long-range planning policy to project future revenues and expenditures. This process enables the City to identify potential deficits and opportunities for financial growth over a two (2) year period. For illustration purposes, the FY2021 planning and FY2020 budgets were prepared in collaboration with one another.

The investment policy was established to minimize credit and market risks. It is updated and reauthorized on an annual basis by the City Council in compliance with the Texas Public Funds Investment Act.

The investment policy was established with objectives consistent with state and local laws. Investments follow the hierarchy to preserve capital, safety of principal and security of invested funds; maintenance of sufficient liquidity to meet operating goals; diversification of investments to avoid unreasonable or avoidable risks; insurance of public trust; and optimization of return on the portfolio.

Cash management is the process of managing currency in order to ensure maximum availability and optimum yield on short-term investments of idle funds. An aggressive cash management program that is consistent with this Investment Policy will provide investment interest as revenue for all operating and capital funds. The portfolio is designed and managed in a manner responsive to the public trust. Earnings from investments are used in a manner that best serves the City.

Local Economy

Major businesses within the municipal limits of DeSoto are distribution, retail, healthcare, grocery, manufacturing, transportation or e-commerce. The aforementioned company employs over 2, 000 employees. The civilian employed workforce was estimated at approximately 31,904. The unemployment rate as of November 30, 2020 was 4.4%, which is slightly lower than Dallas, Fort Worth, and Arlington area rate of 7.2%.

DeSoto benefits from being located twelve (12) miles south of Dallas and is accessible from several major transportation thoroughfares. This prime location serves as a gateway to job opportunities in Dallas, Fort Worth and the Mid-Cities. Its estimated population of 56,224 has grown to a notable 15% since 2010, which ushered in a 17% rise in households. During that same years, the overall taxable assessed valuation increased by 60%.

Long-term Financial Planning

Historically, the City has maintained solid general fund balances. The FY2020 fund balance of the General Fund was approximately $33.3 million or roughly 83% of spending. As a proactive measure, the budget is continuously analyzed for deficiencies as means to thwart revenue from being lost. By managing the budget in this manner, fund reserves are not used for ongoing operational expenses.

Because of the City's proximity to Interstate 35 East and Interstate 20, businesses are recognizing DeSoto as one of the region's hot spots for growth. The City is committed to supporting new and expanding companies by creatively customizing incentive packages that are based upon individual business needs.

The City also has more than 400 acres of land that are available for industrial and commercial development. These parcels are located within the DeSoto Eagle Industrial and Business Park. The Hillwood Crossroads Trade Center, which is located in the Industrial Park, offers 1.8 million square feet of build-to-suit distribution or light industrial space for lease at Centre Park Blvd and Interstate 35 East.

Major Initiative

The 2020-2021 fiscal year included initiatives such as:

- Maintain the current level of public services provided by all municipal departments
- Increase the value of commercial, as well as residential assets through new development and redevelopment
- Develop a regional economic development vehicle to attract major employers to the Best Southwest region
- Continue to pursue Family style restaurants and new retail
- Review and update the Master Comprehensive plan

Awards and Acknowledgements

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the FY that ended September 30, 2019. This is a prestigious national award that recognizes conformance with the highest standards for preparing State and Local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) that conforms to program standards. A (CAFR) must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is only valid for one (1) year. Over the past 35 FYs, DeSoto has received this prestigious award. Synonymous with previous GFOA reports that DeSoto submitted, this report will also conform to program requirements for the Certificate of Achievement.

This report could not have been accomplished without the tireless dedication and due diligence of staff. Most importantly, our staff would like to commend both the Mayor and City Council for their unwavering contributions throughout this entire financial planning process.

Respectfully,

Brandon Wright
City Manager

Tracy L. Cormier
Managing Director of Financial Services

Citizens of DeSoto

Mayor & City Council

- City Secretary

Office of the City Manager

- Assistant City Managers
- Action Center
- Community Initiatives
- Community Relations
- Environmental Health
- Risk Management
- Records Management

Southwest Regional Communication Center

Financial Services

- Cash and Investment Management
- Controller Services (Accounting & Reporting, Accounts Payable, Payroll)
- Debt Management
- Budget
- Purchasing Services

Police Department

- Police Services and Admin
- Community Policing & Training
- Code Enforcement
- Animal Control
- Regional Jail

Municipal Court

Parks & Recreation

- Aquatics
- Park Maintenance
- Recreation & Civic Center
- Senior Center
- Seasonal Programs

Development Services

- Building Inspection
- Facility Management Services
- Engineering & Construction
- Equipment Services
- Planning & Zoning
- Street Maintenance

Information Technology

Library Services

Fire Department

- Fire Rescue & Emergency Management
- Fire Prevention
- Fire & Emergency Medical Training

Human Resources

- Civil Service

Public Utilities

- Utility Billing & Meter Reading
- Water/Wastewater Field Operations

City Officials
City Council

Rachel Proctor
Mayor
Place One

Kay Brown-Patrick
Place Two

Andre' Byrd
Place Four

Candice Quarles
Place Six

Nicole Raphiel
Mayor Pro Tem
Place Three

Dinah Marks
Place Five

Letitia Hughes
Place Seven

Joe Gorfida
City Attorney

City Management
Brandon Wright
City Manager

Isom Cameron
Deputy City Manager

Kristoff Bauer
Deputy City Manager

Tamara Bell
Managing Director
Southwest Regional
Communication Center (SWRCC)

Louis Martinez
Managing Director
Public Utilities

Joseph Costa
Police Chief
Police Department

Jerry Duffield
Fire Chief
Fire and EMS Department

Tom Figert
Managing Director
Information Technology

Chris Glover
Managing Director
Parks & Recreation

Crystal Owens
Managing Director
Development Services

Tracy L. Cormier
Managing Director Financial
Services

Scott Kurth
Judge
DeSoto Municipal Court

Kerry McGeath
Managing Director
Library Services

Kisha Morris
City Secretary

Kathleen Shields
Managing Director
Human Resources

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeSoto Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of DeSoto, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of DeSoto, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of DeSoto, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of DeSoto's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeSoto, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of the City of DeSoto, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeSoto, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of DeSoto (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report, and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by $200,197,820 (net position). Of this amount, $37,591,192 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of $59,971,408, an increase of $3,657,767 from the prior year. Approximately 53% of this total amount is unassigned fund balance.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $31,574,216 or 82% of total General Fund expenditures.

- The City's total capital assets net of accumulated depreciation increased by $1,076,675. The increase is due to current year additions continued purchases and construction of capital assets, net of depreciation.

- The City's governmental and business-type activities outstanding general obligation bonds and certificates of obligation decreased $6,685,078 to a total outstanding amount of $80,201,896. The decrease is due to scheduled principal payments in fiscal year 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information in order to present how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in changes in cash flows for future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, public safety, development services, financial services, municipal court parks and recreation, library services, human resources, and information technology. The business-type activities of the City include public utilities, drainage systems, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the DeSoto Health Facilities Development Corporation, the DeSoto Housing Finance Corporation and the DeSoto Industrial Development Authority, Inc., which are legally separate but financially accountable to the City. A blended presentation has been used to report the financial information of these component units. That means that the component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government. Additionally, the government-wide financial statements include the DeSoto Economic Development Corporation and the DeSoto Park Development Corporation as part of its reporting entity as discretely presented component units. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The DeSoto Economic Development Corporation and the DeSoto Park Development Corporation are legally separate entities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements for governmental funds, proprietary funds and fiduciary funds can be found in the financial section of this report.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund Debt Service Fund, Street Improvement Fund, and Public Facilities Capital Improvement Fund, which are considered to be major funds. Data from the other 15 governmental funds are combined into a single aggregate presentation.

The City adopts an annual appropriated budget for its general fund. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utility, drainage and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for public utility, drainage and sanitation, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The Agency Fund is one of the City's fiduciary funds and it accounts for the funds held in an agency capacity for the Southwest Regional Communication Center. See Note 1 for additional information pertaining to fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation. Required supplementary information immediately follows the notes to the financial statements.

Combining statements and budgetary comparison schedules for non-major governmental funds and component unit fund financial statements follow the section on required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $200,197,820.

The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $37,591,192 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2020, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of DeSoto's Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 70,111,601	$ 63,829,956	$ 33,726,281	$ 31,921,013	$ 103,837,882	$ 95,750,969
Capital assets	135,613,291	134,831,275	57,654,767	59,225,686	193,268,058	194,056,961
Total assets	205,724,892	198,661,231	91,381,048	91,146,699	297,105,940	289,807,930
Deferred outflows of resources	3,171,390	8,032,178	236,984	789,570	3,408,374	8,821,748
Total outflows of resources	3,171,390	8,032,178	236,984	789,570	3,408,374	8,821,748
Current and other liabilities	7,254,457	4,365,797	3,977,838	4,203,402	11,232,295	8,569,199
Long-term liabilities	66,089,485	78,701,631	18,397,106	20,482,039	84,486,591	99,183,670
Total liabilities	73,343,942	83,067,428	22,374,944	24,685,441	95,718,886	107,752,869
Deferred inflows of resources	4,177,344	1,166,716	420,264	109,869	4,597,608	1,276,585
Total inflows of resources	4,177,344	1,166,716	420,264	109,869	4,597,608	1,276,585
Net position:						
Net investment in capital assets	103,973,012	99,237,824	50,092,001	48,890,037	154,065,013	148,127,861
Restricted	8,541,615	7,872,714	-	-	8,541,615	7,872,714
Unrestricted	18,860,369	15,348,727	18,730,823	18,250,922	37,591,192	33,599,649
Total net position	$ 131,374,996	$ 122,459,265	$ 68,822,824	$ 67,140,959	$ 200,197,820	$ 189,600,224

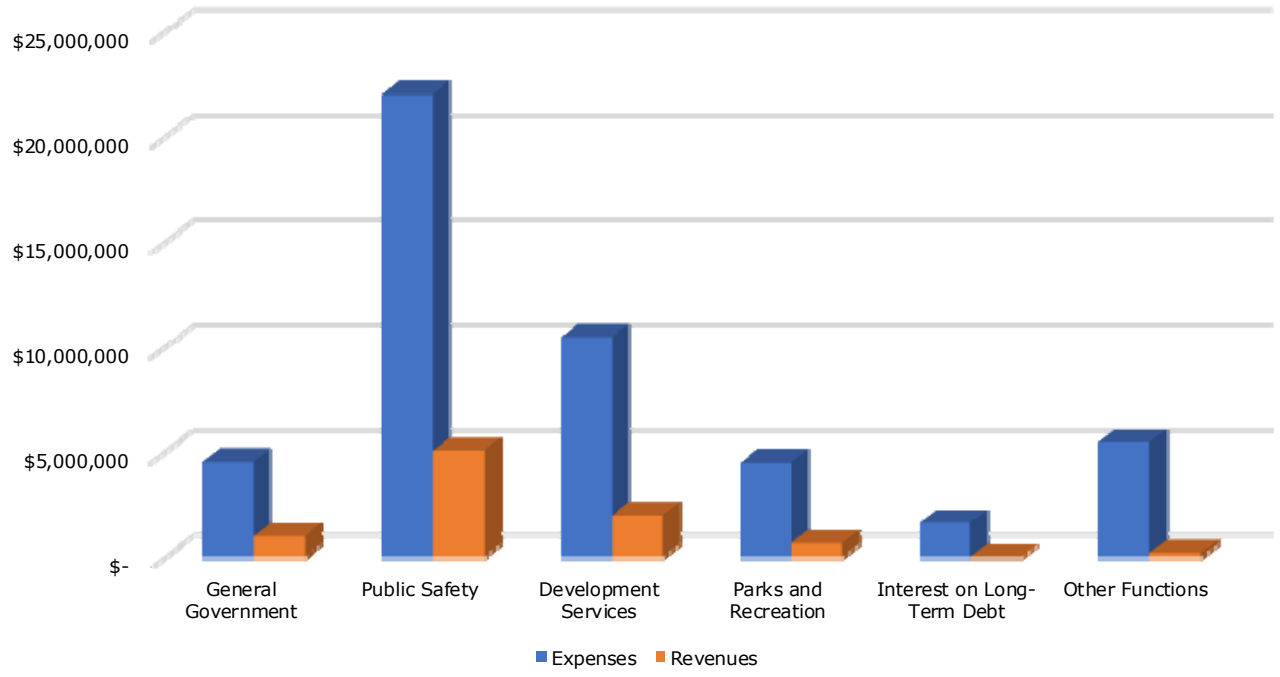
Governmental activities. Net position increased by $8,915,741 in fiscal year 2020. This is compared to an increase of $7,126,138 in fiscal year 2019. During the current year, there were increases in property taxes, other local taxes, and interest income earned. Governmental activities increased largely in the area of general government and development services.

Business-type activities. Net position increased by $1,681,865 in the current year compared to a decrease of $405,353 in fiscal year 2019. The increase in net position as compared to prior year is contributable to the increase in revenue related to charges for services, interest income earned and a decrease in expenses related to storm drainage repair and maintenance cost.

City of DeSoto's Changes in Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 6,764,602	$ 6,999,890	$ 30,587,454	$ 29,552,297	$ 37,352,056	$ 36,552,187
Operating grants & contributions	2,047,972	1,260,717	-	-	2,047,972	1,260,717
General revenues:						
Property taxes	31,596,309	29,506,876	-	-	31,596,309	29,506,876
Other local taxes	13,321,405	12,579,472	-	-	13,321,405	12,579,472
Investment earnings	1,023,121	950,107	492,361	447,119	1,515,482	1,397,226
Miscellaneous	586,382	832,431	-	-	586,382	832,431
Total revenues	55,339,791	52,129,493	31,079,815	29,999,416	86,419,606	82,128,909
Expenses:						
General government	4,525,262	4,048,074	-	-	4,525,262	4,048,074
Public safety	22,029,242	21,051,755	-	-	22,029,242	21,051,755
Developmental services	10,465,668	9,707,942	-	-	10,465,668	9,707,942
Financial services	1,013,731	1,292,733	-	-	1,013,731	1,292,733
Municipal court	719,132	778,528	-	-	719,132	778,528
Information technology	1,667,007	1,677,972	-	-	1,667,007	1,677,972
Human resources	738,480	698,423	-	-	738,480	698,423
Parks and recreation	4,483,537	4,717,832	-	-	4,483,537	4,717,832
Library services	1,306,404	1,348,581	-	-	1,306,404	1,348,581
Interest on long-term debt	1,600,395	1,805,323	-	-	1,600,395	1,805,323
Pubic utility	-	-	20,549,788	22,201,294	20,549,788	22,201,294
Storm drainage	-	-	1,262,423	1,269,645	1,262,423	1,269,645
Sanitation	-	-	5,460,931	4,810,022	5,460,931	4,810,022
Total expenses	48,548,858	47,127,163	27,273,142	28,280,961	75,822,000	75,408,124
Revenues in Excess of Expenses	6,790,933	5,002,330	3,806,673	1,718,455	10,597,606	6,720,785
Transfers	2,124,808	2,123,808	(2,124,808)	(2,123,808)	-	-
Change in net position	8,915,741	7,126,138	1,681,865	(405,353)	10,597,606	6,720,785
Net position - beginning of year	122,459,255	115,333,127	67,140,959	67,546,312	189,600,214	182,879,439
Net position - end of year	$ 131,374,996	$ 122,459,265	$ 68,822,824	$ 67,140,959	$ 200,197,820	$ 189,600,224

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2020. Overall, the City had an increase in net position of $10,597,596. Overall revenues and expenses increased over the prior year.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the 2020 fiscal year, the City's governmental funds reported combined ending fund balances of $59,971,408, an increase of $3,657,767 from the prior year. Approximately 53% of this total amount is available for spending at the City's discretion. A portion of the remaining fund balance in the amount of $15,256,106 is not available for new spending because it is restricted to pay for 1) street improvements and capital projects 2) debt service 3) public safety grants and 4) economic development projects.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $31,574,216, while the total fund balance was $33,239,424. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total expenditures. Unassigned fund balance represents 82% of the general fund expenditures.

The final general fund budget for fiscal year 2020 reflected a decrease of $672,303 in fund balance. The actual change in fund balance was an increase of $4,839,464. Contributing factors was the realization of revenues $631,533 over the budgeted amounts and overall expenditures $4,845,154 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total actual General Fund revenues of $44,286,594 increased from FY 2018 actuals by $3,444,422 and were greater than budgeted FY 2020 by $631,533. This was primarily caused by increases to property and sales taxes, which greatly outstripped decreases to other revenue sources as a result of the COVID-19 pandemic.

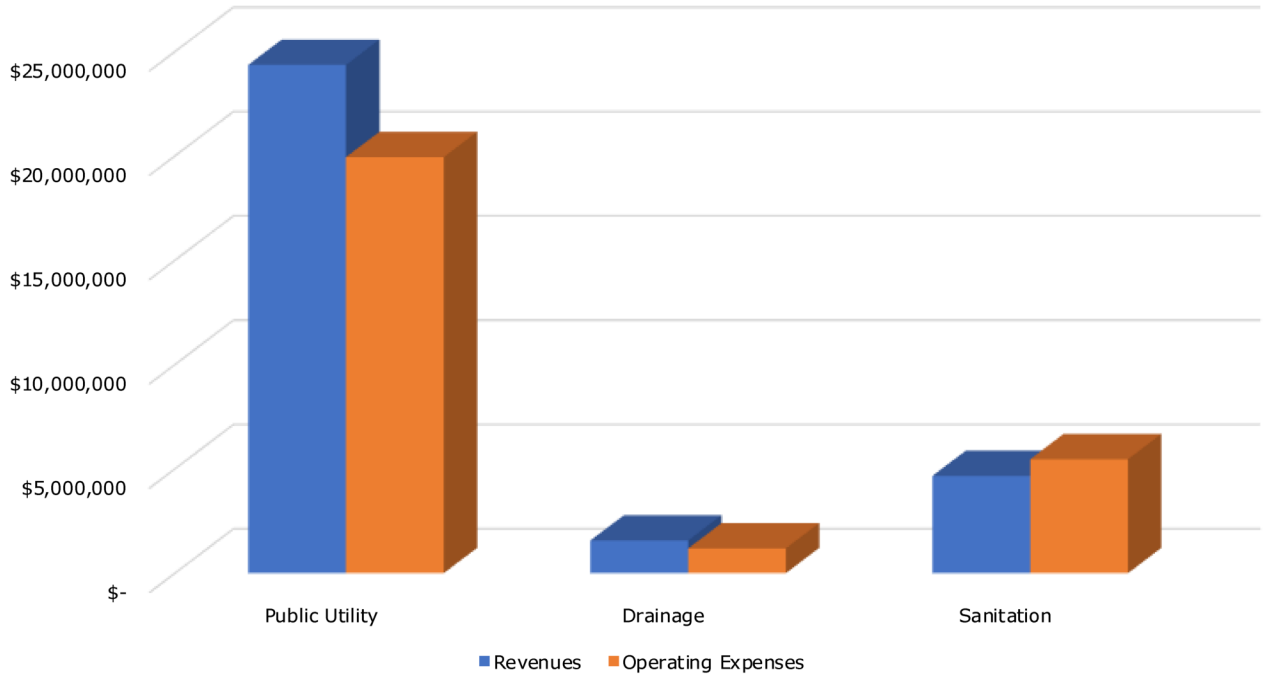
- Total General Fund expenditures of $38,348,140 increased by $2,584,643 from FY 2018 actuals and were less than budgeted FY 2020 amounts by $4,845,154.

The actual revenues of $44,286,594 were more than the budgeted revenues by $631,533. Property tax, sales tax, franchise fees, fines and forfeitures, licenses and permits, investment earnings, recreation services, and miscellaneous revenue exceeded the budgeted amount. The actual expenditures of $38,348,140 were $4,845,154 less than final budgeted expenditures.

Debt service fund balance increased by $146,362 due to the increase in tax revenue collected from improved taxable value and interest earnings on available funds.

The fund balance of the Street Improvement fund decreased by $1,921,989 due to the progression of various street improvement projects in 2020 that were identified in the five-year capital improvement plan.

The Public Facilities Capital Improvement Fund increased its fund balance by $1,604,364, primarily due to transfers in from other funds in anticipation of significant future improvement projects.



Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the respective proprietary funds are Public Utility - $16,687,030, Storm Drainage - $1,263,830, and Sanitation - $779,963. The net position for the Public Utility fund increased $2,091,041; Storm Drainage increased $367,279 and Sanitation decreased $776,455. The overall change in net position for business-type activities was an increase of $1,681,865. Public Utility Fund revenues increased with a sewer service base rate and volume charge increase. Overall Proprietary Funds operating revenues of $29,605,666 reflected an increase of $1,035,157 or an increase of approximately 4% compared to the prior year. Proprietary Funds operating expenses of $27,273,142 reflected a decrease of $1,007,819 or approximately 4% from prior year. Decreases in costs resulted primarily from a reduction in the City's pension expense from the year, but also from reduced general operating costs related to closures from the COVID-19 pandemic.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2020, the City had $193 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net increase of $1.02 million from the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 9,514,236	$ 9,076,249	$ 1,244,443	$ 1,244,443	$ 10,758,679	$ 10,320,692
Construction in progress	16,179,404	10,978,115	3,954,969	4,760,232	20,134,373	15,738,347
Street/Alley ROW	14,072,949	14,072,949	-	-	14,072,949	14,072,949
Buildings	24,255,563	24,067,212	-	-	24,255,563	24,067,212
Infrastructure	68,856,920	73,407,711	51,991,557	52,615,965	120,848,477	126,023,676
Equipment and furniture	2,734,219	3,229,040	463,798	605,046	3,198,017	3,834,086
	$ 135,613,291	$ 134,831,276	$ 57,654,767	$ 59,225,686	$ 193,268,058	$ 194,056,962

Major capital asset events during the 2020 fiscal year include the following:

- Continued construction on fire station improvements totaling $1.8 million.
- Construction and replacement of various city streets with the use of GO bond proceeds. The cost for FY20 was approximately $2.9 million.
- Purchases of motor vehicles for city use, particularly Police Department units, in the amount of $1 million.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

DEBT ADMINISTRATION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 39,850,000	$ 44,700,000	$ 3,520,000	$ 4,025,000	$ 43,370,000	$ 48,725,000
Certificates of obligation	11,310,000	11,655,000	13,190,000	13,910,000	24,500,000	25,565,000
Bond premium	4,981,002	5,496,463	962,078	1,046,116	5,943,080	6,542,579
Capital leases	925,765	1,097,474	-	-	925,765	1,097,474
Compensated absences	5,072,296	4,510,755	390,755	446,166	5,463,051	4,956,921
	$ 62,139,063	$ 67,459,692	$ 18,062,833	$ 19,427,282	$ 80,201,896	$ 86,886,974

The City issued no new debt during the year; changes to the balances were the result of continued debt ser

The City has an AA rating from Fitch and an AA rating from Standard & Poor's. Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The two major financing sources for general government operations: Property Tax and Sales Tax are the major areas of focus. In the coming year, an increase in general government Property Tax revenue is estimated due to the City's increase in assessed valuation for Tax Year 2020. The City's tax rate will stay the same has FY20 and for the sixth year in a row no tax rate increase in year 2021. The FY2021 budget was adopted with total tax rate of $.701554 per $100 valuation and an Operation & Maintenance tax rate of $0.55016 and Interest and Sinking tax rate of $0.151394.

Sales Tax is the second largest revenue source. In FY2020, retail and industry taxable sales were substantially unchanged, but we did receive and increase in revenue related to our Kohl's distribution Center and gather this was related to the COVID-19 pandemic. Revenue related to sales tax exceeded general fund budget by approximately 22.64%; with overall revenue 12% higher than FY2019. The budget estimates for Franchise Fees for FY 2020 actuals were less than prior year and were just short of budget expectations Charges for services exceeded current year budgeted revenues by $133,486. Because this category of revenue collections can span a number of fiscal years it will be budgeted conservatively in FY2021. Overall, budgeted revenue in the General Fund for FY2020 increased by approximately $3,677,560, which represents the increase in property tax revenue based on an increase in taxable values for FY2020 budget.

The fiscal year 2021 budget provides funding for all aspects of our service delivery. This spending plan meets the objective of maintaining the current level of services.

Because the City is a service organization, a major portion of the operating budget is allocated to employee compensation and fringe benefits. Maintaining these items at a current market rate requires that new resources be allocated annually. The increases in salary will reflect a 1% increase for eligible employees and also and merit increase of 2% which is effective on each employee's anniversary date These normal increases appear in the budget each year in addition to any potential market adjustment. Also, programmed into FY 2021 budget were additional positions to enhance services and increased to insurance costs.

In addition to salary adjustments, in the past, we have experienced a decrease in the Texas Municipal Retirement System ("TMRS") contribution rates. It is important to note that in fiscal year 2021 we will continue participation in TMRS, and the City's match will remain 2:1. In FY 2021, the actuarial rate will be 11.27%, which is an increase of 0.14% from the previous fiscal year. This allows us to continue in TMRS and meet the UAAL obligation over time. All other personnel related benefit programs remain at the level reflected in the fiscal year 2020 budget.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Finance Managing Director, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9678, or email tcormier@desototexas.gov.

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BASIC
FINANCIAL STATEMENTS

CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 62,584,433	$ 29,381,889	$ 91,966,322
Receivables, net of allowances	5,040,948	4,245,858	9,286,806
Due from other governments	1,001,538	72,342	1,073,880
Internal balances	(16,517)	16,517	-
Inventories	54,518	9,675	64,193
Prepaid items	3,003	-	3,003
Notes receivable	610,000	-	610,000
Investment in joint ventures	833,678	-	833,678
Capital assets:			
Non-depreciable	39,766,589	5,199,412	44,966,001
Depreciable, net	95,846,702	52,455,355	148,302,057
Total capital assets	135,613,291	57,654,767	193,268,058
Total assets	205,724,892	91,381,048	297,105,940
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts - pension related	2,474,763	221,947	2,696,710
Deferred amounts - OPEB related	200,970	15,037	216,007
Deferred charge on refunding	495,657	-	495,657
Total deferred outflows of resources	3,171,390	236,984	3,408,374
LIABILITIES			
Accounts payable and accrued expenses	2,515,884	2,109,438	4,625,322
Accrued liabilities	1,793,967	98,936	1,892,903
Accrued interest payable	248,686	79,196	327,882
Unearned revenue	2,645,920	-	2,645,920
Customer deposits	50,000	1,690,268	1,740,268
Noncurrent liabilities:			
Due within one year:			
Long-term debt	6,670,546	1,368,151	8,038,697
Total OPEB liability	9,049	696	9,745
Due in more than one year:			
Long-term debt	55,468,517	16,694,682	72,163,199
Net pension liability	2,801,015	245,896	3,046,911
Total OPEB liability	1,140,358	87,681	1,228,039
Total liabilities	73,343,942	22,374,944	95,718,886
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts - pension related	4,108,546	414,998	4,523,544
Deferred amounts - OPEB related	68,798	5,266	74,064
Total deferred inflows of resources	4,177,344	420,264	4,597,608
NET POSITION			
Net investment in capital assets	103,973,012	50,092,001	154,065,013
Restricted for:			
Debt service	5,220,307	-	5,220,307
Public safety	905,589	-	905,589
Economic development	2,415,719	-	2,415,719
Unrestricted	18,860,369	18,730,823	37,591,192
Total net position	$ 131,374,996	$ 68,822,824	$ 200,197,820

The accompanying notes are an integral part of these financial statements.

Component Units	
DeSoto Parks Development Corporation	DeSoto Economic Development Corporation
$ 757,499	$ 3,989,423
165,837	497,511
-	-
-	-
-	-
-	-
-	25,987
-	-
11,250	-
1,664,756	-
1,676,006	-
2,599,342	4,512,921
-	-
-	-
-	4,933
-	4,933
-	1,934
-	-
1,406	1,919
-	-
-	16,088
315,000	257,465
-	-
330,000	1,059,734
-	-
-	-
646,406	1,337,140
-	-
-	-
-	-
1,031,006	-
-	-
-	-
-	-
921,930	3,180,714
$ 1,952,936	$ 3,180,714

CITY OF DESOTO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,525,262	$ 529,347	$ 441,429	$ -
Public safety	22,029,242	3,931,717	1,098,205	-
Developmental services	10,465,668	1,496,317	480,345	-
Financial services	1,013,731	-	-	-
Municipal court	719,132	167,278	-	-
Information technology	1,667,007	-	-	-
Human resources	738,480	-	-	-
Parks and recreation	4,483,537	619,574	27,993	-
Library services	1,306,404	20,369	-	-
Interest on long-term debt	1,600,395	-	-	-
Total governmental activities	48,548,858	6,764,602	2,047,972	-
Business-type activities:				
Public utility	20,549,788	24,360,415	-	-
Storm drainage	1,262,423	1,563,672	-	-
Sanitation	5,460,931	4,663,367	-	-
Total business-type activities	27,273,142	30,587,454	-	-
Total Primary Government	$ 75,822,000	$ 37,352,056	$ 2,047,972	$ -
Component Units:				
DeSoto Parks Development Corporation	$ 572,971	$ -	$ -	$ -
DeSoto Economic Development Corporation	1,990,404	299,144	-	-
Total Component Units	$ 2,563,375	$ 299,144	$ -	$ -
General Revenues:				
Taxes:				
Property taxes				
Franchise and other taxes				
Sales taxes				
Hotel occupancy				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	DeSoto Park Development Corporation	DeSoto Economic Development Corporation	
$(3,554,486)	$ -	$(3,554,486)	$ -	$ -	
(16,999,320)	-	(16,999,320)	-	-	
(8,489,006)	-	(8,489,006)	-	-	
(1,013,731)	-	(1,013,731)	-	-	
(551,854)	-	(551,854)	-	-	
(1,667,007)	-	(1,667,007)	-	-	
(738,480)	-	(738,480)	-	-	
(3,835,970)	-	(3,835,970)	-	-	
(1,286,035)	-	(1,286,035)	-	-	
(1,600,395)	-	(1,600,395)	-	-	
(39,736,284)	-	(39,736,284)	-	-	
-	3,810,627	3,810,627	-	-	
-	301,249	301,249	-	-	
-	(797,564)	(797,564)	-	-	
-	3,314,312	3,314,312	-	-	
$(39,736,284)	$ 3,314,312	$(36,421,972)	$ -	$ -	
			$(572,971)	$ -	
			-	(1,691,260)	
			$(572,971)	$(1,691,260)	
$ 31,596,309	$ -	$ 31,596,309	$ -	$ -	
2,762,423	-	2,762,423	-	-	
9,614,011	-	9,614,011	971,489	2,914,466	
944,971	-	944,971	-	-	
1,023,121	492,361	1,515,482	4,297	22,645	
586,382	-	586,382	-	489	
2,124,808	(2,124,808)	-	-	-	
48,652,025	(1,632,447)	47,019,578	975,786	2,937,600	
8,915,741	1,681,865	10,597,606	402,815	1,246,340	
122,459,255	67,140,959	189,600,214	1,550,121	1,934,374	
$ 131,374,996	$ 68,822,824	$ 200,197,820	$ 1,952,936	$ 3,180,714	

CITY OF DESOTO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Street Improvement
ASSETS			
Cash and investments	$ 35,279,455	$ 4,730,593	$ 8,491,272
Receivables, net:			
Taxes	2,374,800	129,300	-
Accounts and other	2,288,380	-	-
Due from other governments	887,058	-	-
Due from other funds	35,121	-	-
Inventories	54,518	-	-
Prepaid items	-	-	-
Note receivable	-	610,000	-
Total assets	40,919,332	5,469,893	8,491,272
LIABILITIES			
Accounts payable	1,753,026	900	619,815
Accrued liabilities	1,746,261	-	-
Due to other funds	28,562	-	-
Customer deposits	50,000	-	-
Unearned revenues	2,639,795	-	-
Total liabilities	6,217,644	900	619,815
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,462,264	731,550	-
Total deferred inflows of resources	1,462,264	731,550	-
FUND BALANCES			
Nonspendable for:			
Inventory	54,518	-	-
Prepaid items	-	-	-
Restricted for:			
Debt service	-	4,737,443	-
Street improvements	-	-	4,860,992
Public safety	-	-	-
Economic development	-	-	-
Capital projects	-	-	-
Committed for:			
Public health	-	-	-
Development activities	-	-	-
Assigned for:			
Street improvements	-	-	3,010,465
Capital projects	-	-	-
Future healthcare costs	440,000	-	-
Next year's budget	1,170,690	-	-
Unassigned	31,574,216	-	-
Total fund balances	33,239,424	4,737,443	7,871,457
Total liabilities, deferred inflows of resources, and fund balances	$ 40,919,332	$ 5,469,893	$ 8,491,272

The accompanying notes are an integral part of these financial statements.

Public Facilities Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
$ 5,773,153	$ 8,309,960	$ 62,584,433
-	203,645	2,707,745
-	44,823	2,333,203
-	114,480	1,001,538
-	10,813	45,934
-	-	54,518
-	3,003	3,003
-	-	610,000
5,773,153	8,686,724	69,340,374
-	142,143	2,515,884
10,547	37,159	1,793,967
-	33,889	62,451
-	-	50,000
-	6,125	2,645,920
10,547	219,316	7,068,222
-	106,930	2,300,744
-	106,930	2,300,744
-		
-	-	54,518
-	-	-
-	-	4,737,443
-	-	4,860,992
-	905,589	905,589
-	2,415,719	2,415,719
861,512	1,474,851	2,336,363
-	20,745	20,745
-	240,591	240,591
-	-	3,010,465
4,901,094	3,302,983	8,204,077
-	-	440,000
-	-	1,170,690
-	-	31,574,216
5,762,606	8,360,478	59,971,408
$ 5,773,153	$ 8,686,724	$ 69,340,374

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CITY OF DESOTO, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GEVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	$	59,971,408
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		135,613,291
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Bonds and certificates of obligation payable	(	62,092,983)
Compensated absences	(	561,541)
Accrued interest payable	(	248,686)
Unamortized premium on bonds		515,461
Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements.		2,300,744
Deferred loss on refunding		495,657
Certain other long-term assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Investment in joint venture		833,678
Net pension liability	(	2,801,015)
Total OPEB liability	(	1,149,407)
Deferred outflows of resources related to the net pension liability		2,474,763
Deferred inflows of resources related to the net pension liability	(	4,108,546)
Deferred outflows of resources related to the total OPEB liability		200,970
Deferred inflows of resources related to the total OPEB liability	(	68,798)
Net Position of Governmental Activities	$	131,374,996

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Street Improvement
REVENUES			
Property taxes	$ 24,634,255	$ 7,193,504	$ -
Sales taxes	9,614,011	-	-
Franchise fees and other	2,762,423	-	-
Hotel occupancy tax	-	-	-
Fines and forfeitures	1,050,471	-	-
Licenses and permits	1,496,317	-	-
Intergovernmental	1,256,223	224,955	-
Charges for services	2,334,142	-	-
Investment earnings	581,519	94,698	185,709
Recreation services	308,308	-	-
Miscellaneous	248,925	-	927
Total revenues	44,286,594	7,513,157	186,636
EXPENDITURES			
Current:			
General government	3,721,779	-	-
Public safety:			
Police	10,025,662	-	-
Fire	8,730,342	-	-
Development services	5,071,584	-	-
Financial services	968,037	-	-
Municipal court	636,034	-	-
Information technology	1,511,155	-	-
Human resources	715,869	-	-
Parks and recreation	3,277,093	-	-
Library services	1,246,043	-	-
Debt service:			
Principal	-	5,366,709	-
Interest and other	-	2,209,350	-
Capital outlay	2,444,542	-	2,973,229
Total expenditures	38,348,140	7,576,059	2,973,229
Excess (deficiency) of revenues over expenditures	5,938,454	(62,902)	(2,786,593)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	85,080	-	-
Transfers in	2,181,808	235,564	864,604
Transfers out	(3,365,878)	(26,300)	-
Total other financing sources (uses)	(1,098,990)	209,264	864,604
NET CHANGE IN FUND BALANCES	4,839,464	146,362	(1,921,989)
FUND BALANCES - BEGINNING	28,399,960	4,591,081	9,793,446
FUND BALANCES - ENDING	$ 33,239,424	$ 4,737,443	$ 7,871,457

The accompanying notes are an integral part of these financial statements.

Public Facilities Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 31,827,759
-	-	9,614,011
-	-	2,762,423
-	894,320	894,320
-	46,576	1,097,047
-	-	1,496,317
300,000	1,762,344	3,543,522
-	52,239	2,386,381
67,916	93,279	1,023,121
-	-	308,308
-	336,530	586,382
367,916	3,185,288	55,539,591
6,961	346,852	4,075,592
	1,412,007	11,437,669
-	-	8,730,342
-	250,751	5,322,335
-	-	968,037
-	56,409	692,443
-	-	1,511,155
-	-	715,869
-	171,952	3,449,045
-	-	1,246,043
-	-	5,366,709
-	-	2,209,350
541,761	2,407,591	8,367,123
548,722	4,645,562	54,091,712
(180,806)	(1,460,274)	1,447,879
-	-	85,080
1,892,000	1,140,455	6,314,431
(106,830)	(690,615)	(4,189,623)
1,785,170	449,840	2,209,888
1,604,364	(1,010,434)	3,657,767
4,158,242	9,370,912	56,313,641
$ 5,762,606	$ 8,360,478	$ 59,971,408

CITY OF DESOTO, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Changes in Fund Balances - Governmental Funds	$	3,657,767
Amounts reported for governmental activities in the statement of activities are		
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital outlay		8,388,449
Depreciation expense	(	7,606,433)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
Unavailable alarm permit revenue	(	6,945)
Unavailable tax and emergency management revenues	(	277,935)
Change in equity interest of joint venture	(	60,866)
Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		
Debt service principal		5,366,709
Pension and OPEB contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension and OPEB liability in the statement of net position. This amount is the difference between pension and OPEB contributions and net pension and OPEB expense (revenue) for the current fiscal year.		
Pension expense	(	494,156)
OPEB expense	(	98,263)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
(Increase) decrease in accrued interest		80,964
(Increase) decrease in compensated absences	(	561,541)
Amortization of deferred loss on refunding		12,530
Amortization of premium on bonds		515,461
Change in Net Position of Governmental Activities	$	8,915,741

The accompanying notes are an integral part
of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
ASSETS				
Current assets:				
Cash and investments	$ 24,511,191	$ 4,146,137	$ 724,561	$ 29,381,889
Accounts receivable, net	3,380,895	165,862	699,101	4,245,858
Due from other governments	-	72,342	-	72,342
Due from other funds	10,673	3,654	2,190	16,517
Inventories	9,675	-	-	9,675
Total current assets	27,912,434	4,387,995	1,425,852	33,726,281
Noncurrent assets:				
Capital assets:				
Land	583,160	341,196	320,087	1,244,443
Construction in progress	3,441,861	513,108	-	3,954,969
Improvements	9,524,634	5,002,363	548,503	15,075,500
Water and sewer systems	92,324,158	-	-	92,324,158
Drainage systems	-	13,655,290	-	13,655,290
Equipment and furniture	1,849,981	105,896	402,629	2,358,506
Less: accumulated depreciation	(60,334,948)	(10,090,085)	(533,066)	(70,958,099)
Total noncurrent assets	47,388,846	9,527,768	738,153	57,654,767
Total assets	75,301,280	13,915,763	2,164,005	91,381,048
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension related	172,730	24,001	25,216	221,947
Deferred outflows - OPEB related	15,037	-	-	15,037
Total deferred outflows of resources	187,767	24,001	25,216	236,984
LIABILITIES				
Current liabilities:				
Accounts payable	1,466,392	83,044	560,002	2,109,438
Accrued liabilities	79,500	8,794	10,642	98,936
Accrued interest	71,371	7,825	-	79,196
Customer deposits	1,690,268	-	-	1,690,268
Compensated absences	55,343	16,641	6,167	78,151
Bonds payable	945,000	345,000	-	1,290,000
Total OPEB liability	696	-	-	696
Total current liabilities	4,308,570	461,304	576,811	5,346,685
Noncurrent liabilities:				
Compensated absences	221,370	66,565	24,669	312,604
Bonds payable	14,974,461	1,407,617	-	16,382,078
Net pension liability	190,127	27,128	28,641	245,896
Total OPEB liability	87,681	-	-	87,681
Total noncurrent liabilities	15,473,639	1,501,310	53,310	17,028,259
Total liabilities	19,782,209	1,962,614	630,121	22,374,944
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension related	333,754	40,260	40,984	414,998
Deferred inflows - OPEB	5,266	-	-	5,266
Total deferred inflows of resources	339,020	40,260	40,984	420,264
NET POSITION				
Net investment in capital assets	38,680,788	10,673,060	738,153	50,092,001
Unrestricted	16,687,030	1,263,830	779,963	18,730,823
Total net position	$ 55,367,818	$ 11,936,890	$ 1,518,116	$ 68,822,824

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
REVENUES				
Charges for services	$ 23,378,627	$ 1,563,672	$ 4,663,367	$ 29,605,666
Total revenues	23,378,627	1,563,672	4,663,367	29,605,666
OPERATING EXPENSES				
Personnel costs	1,892,756	305,676	263,186	2,461,618
Water supply	5,244,450	-	-	5,244,450
Wastewater treatment	7,176,101	-	-	7,176,101
Refuse collection	-	-	4,351,557	4,351,557
Administrative charges	1,356,063	102,673	534,235	1,992,971
Contractual services	236,672	9,269	163,236	409,177
Repairs and maintenance	578,354	85,748	53,050	717,152
Materials and supplies	611,002	5,032	18,014	634,048
Other	260,992	30,781	1,001	292,774
Depreciation	2,584,966	649,016	76,652	3,310,634
Total operating expenses	19,941,356	1,188,195	5,460,931	26,590,482
Operating income (loss)	3,437,271	375,477	(797,564)	3,015,184
NON-OPERATING REVENUES (EXPENSES)				
Investment income	405,222	66,030	21,109	492,361
Miscellaneous revenue	981,788	-	-	981,788
Interest expense	(608,432)	(74,228)	-	(682,660)
Total non-operating revenues (expenses)	778,578	(8,198)	21,109	791,489
Income (loss) before and transfers	4,215,849	367,279	(776,455)	3,806,673
Transfers out	(2,124,808)	-	-	(2,124,808)
CHANGE IN NET POSITION	2,091,041	367,279	(776,455)	1,681,865
NET POSITION - BEGINNING	53,276,777	11,569,611	2,294,571	67,140,959
NET POSITION - END OF YEAR	$ 55,367,818	$ 11,936,890	$ 1,518,116	$ 68,822,824

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 24,360,174	$ 1,495,476	$ 4,521,441	$ 30,377,091
Payments to suppliers	(15,898,304)	(220,872)	(4,948,864)	(21,068,040)
Payments to employees	(1,847,485)	(291,903)	(279,885)	(2,419,273)
Net cash provided (used) by operating activities	6,614,385	982,701	(707,308)	6,889,778
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	(1,663)	(887)	(1,275)	(3,825)
Transfers out to other funds	(2,124,808)	-	-	(2,124,808)
Net cash provided (used) by noncapital financing activities	(2,126,471)	(887)	(1,275)	(2,128,633)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,289,789)	(424,610)	(25,316)	(1,739,715)
Miscellanous revenue	-	-	-	-
Principal paid on long-term debt	(895,000)	(330,000)	-	(1,225,000)
Interest paid on long-term debt	(630,180)	(66,899)	-	(697,079)
Net cash (used) by capital and related financing activities	(2,814,969)	(821,509)	(25,316)	(3,661,794)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	405,222	66,030	21,109	492,361
Net cash provided by investing activities	405,222	66,030	21,109	492,361
Net (decrease) increase in cash and cash equivalents	2,078,167	226,335	(712,790)	1,591,712
Cash and cash equivalents, beginning	22,433,024	3,919,802	1,437,351	27,790,177
Cash and cash equivalents, ending	$ 24,511,191	$ 4,146,137	$ 724,561	$ 29,381,889
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 4,419,059	$ 375,477	$(797,564)	$ 3,996,972
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,584,966	649,016	76,652	3,310,634
Decrease (increase) in customer receivable	469	(68,196)	(141,926)	(209,653)
Decrease (increase) in inventory	(78)	-	-	(78)
Increase (decrease) in accounts payable	(434,592)	12,631	172,229	(249,732)
Increase (decrease) in accrued liabilities	25,969	(2,709)	1,618	24,878
Increase (decrease) in customer deposits	(710)	-	-	(710)
Increase (decrease) in compensated absences	(43,930)	11,528	(23,009)	(55,411)
Increase (decrease) in net pension/total OPEB liabilities	(571,197)	(73,706)	(75,581)	(720,484)
Increase (decrease) in pension related deferred inflows	250,808	29,611	29,976	310,395
Increase (decrease) in pension and OPEB related deferred outflows	383,621	49,049	50,297	482,967
Net cash provided (used) by operating activities	$ 6,614,385	$ 982,701	$(707,308)	$ 6,889,778

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	Agency Fund
ASSETS	
Cash and investments	$ 1,364,492
Total assets	$ 1,364,492
LIABILITIES	
Due to Southwest Regional Communications Center	$ 1,364,492
Total liabilities	$ 1,364,492

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The City of DeSoto (the "City") was incorporated in 1949. The City operates as a home-rule City under a council-manager form of government with a mayor and six City Council members elected at large. The City provides the following services as authorized by its charter: public safety (police and fire), streets, water, sewer and drainage utilities, solid waste operations, public library, parks and recreation, public improvements, planning, zoning and code enforcement, and general administrative services.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities is blended or discretely presented within the financial statements.

Blended Component Units

Health Facilities Development Corporation - The City created the Corporation to assist the maintenance of public health within the City. The Corporation's governing body is the same as the governing body of the City. The Corporation is authorized to sell bonds. Operational responsibility of the Health Facilities Development Corporation lies with City management. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Housing Finance Corporation - The City created the Corporation to carry out the purposes of the Texas Housing Finance Corporations Act within the City. The Corporation's governing body is the same as the governing body of the City. There are seven directors. The Corporation is authorized to sell bonds. Operational responsibility of the Housing Finance Corporation lies with City management. Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation shall vest in the City.

Industrial Development Authority, Inc. - The City created the Corporation for the purposes of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare within the City. The Corporation's governing body is the same as the governing body of the City and operational responsibility lies with City management. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Discretely Presented Component Units

DeSoto Economic Development Corporation - The Corporation was created for the purpose of promoting economic development within the City. There are five directors, all appointed by the City Council. All directors are residents of the City. Each director serves a three-year staggered term.

The Corporation is authorized to borrow funds and issue bonds with City Council approval.

DeSoto Parks Development Corporation - The Corporation was created for the purpose of promoting parks within the City. There are seven directors, all appointed by the City Council. All directors are residents of the City. Each director serves a two-year staggered term. The Corporation is authorized to issue bonds for public parks and park facilities projects with City Council approval.

Separate financial statements are not issued for the DPDC, the Health Facilities Development Corporation, the Housing Finance Corporation and the Industrial Development Authority.

Complete financial statements are issued by the DEDC and can be obtained from:

DeSoto Economic Development Corporation
211 E. Pleasant Run Road
DeSoto, Texas 75115

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and it's discretely presented component units.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Governmental activities, which are normally supported by property, sales and franchise taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, municipal drainage services and charges for solid waste services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In addition to the government-wide financial statements, the City also reports separate financial statements for governmental funds, proprietary funds, and fiduciary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund accounts for the accumulation of resources (primarily property tax levies) for the payment of principal, interest and related costs of general long-term debt.

Street Improvement Fund - This fund accounts for the financial and construction costs of various street improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

Public Facilities Capital Improvement Fund - This fund accounts account for the construction and improvement of various City facilities. Financing is provided by general obligation bonds, certificates of obligation and various contributions.

The City reports the following major proprietary funds:

Public Utility Fund - This fund accounts for water and wastewater system services provided for residents and businesses of the City, including administration, operations, maintenance, debt service, billing and collection.

Drainage Fund - This fund accounts for the operation of the Drainage Utility and provides funding for drainage capital improvements, and enhanced maintenance of the drainage system.

Sanitation Fund - This fund accounts for revenues and expenses of solid waste operations. Revenues are generated through user charges. This fund also funds additional services for litter control and median beautification, street sweeping and household hazardous waste collection.

Additionally, the government reports the following fund type:

Agency Fund - This fund reports cash and investments held by the City on behalf of the Southwest Regional Communications Center.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. With the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the Statement of Net Position.

The *agency funds* are used to account for resources held for others in a custodial capacity.

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operating are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

Trust funds employ the same economic resources measurement focus and accrual basis of accounting as described for proprietary funds. Since agency funds report only assets and liabilities, they have no measurement focus.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. Measurable means the amount of the transaction can be determined. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the fiscal year-end. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, and liabilities for accrued compensated absences and arbitrage rebate, which are recognized when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operations are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

There is one fiduciary fund which is an Agency Fund. Agency Funds represent funds held in an agency capacity of the Southwest Regional Communication Center. These funds are monies held by the City related to the operation of the regional dispatch center, a joint venture of the City. These funds do not belong to the City. Agency funds do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Investments

Investments consist of balances in privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (the "Act") Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as deferred revenue and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1. For the year ended September 30, 2020, the City had a tax rate of $.7015 per $100, of which $.5501 was allocated for general government, and $.1514 was allocated for payment of principal and interest on governmental activities long-term debt.

Receivables

Taxes and accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 90 days comprise the allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2020.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventories are valued at cost, using the first-in, and first-out method. The City utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, infrastructure, improvements, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Assets	Use Lives Year)
Infrastructure, water and sewer system, and water line replacements	10 - 50
Buildings	32
Equipment and furniture	30-10
Capital lease equipment	shorter of 5 years or lease term

Compensated Absences

The City permits employees to accumulate to certain limits unused vacation, sick leave and compensatory time. For civilian and police employees, unused vacation leave may be accumulated to a maximum of 320 hours and unused sick leave may be accumulated to a maximum of 720 hours. For firefighters, unused vacation leave may be accumulated to a maximum of 480 hours and unused sick leave may be accumulated to a maximum of 1,080 hours. Liabilities for compensated absences are normally expected to be liquidated with expendable available financial resources and are recognized as governmental fund liabilities to the extent that they mature each period. Accrued compensated absences are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements when earned. Compensated absences are reported in governmental funds only if they have matured.

Long-term Debt

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt is recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses. Per the City's debt management policy, the total general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City is subject to a limit of 10% of the total assessed valuation of the City's tax rolls.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used, are recorded as transfers.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period and thus, will not be recognized as an outflow of resources (expense) until that time. The City has three items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- Deferred outflows of resources for OPEB - these deferred outflows result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits, which is currently between 5.75 and 8.5 years, depending on the plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future reporting period and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	Debt Service	Total
Property taxes	$ 344,957	$ 121,550	$ 466,507
Court fines and fees receivable	879,137	-	879,137
Ambulance	216,325	-	216,325
Alarm permits	28,790	-	28,790
Note receivable	-	610,000	610,000
Total	$ 1,469,209	$ 731,550	$ 2,200,759

- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits Payments and refunds are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Other Post-Employment Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. Cash and Investments

As of September 30, 2020, the City's investments included privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. The investment pools are recorded at amortized costs and the remaining investments are recorded at their fair value measured with level 2 inputs.

The City participates in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Texas CLASS, the Texas Cooperative Liquid Asset Securities System (Trust Company) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. It is administered and managed by Public Trust Advisors, LLC and Wells Fargo Bank N.A. is the custodial bank. The primary objectives of Texas CLASS Investment Pool is to maintain safety of principal while providing participating government entities with the highest possible rate of return for invested funds. The City's amortized cost in the Texas CLASS Investment Pool is the same as the value of the pool shares.

Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk

In compliance with the City's investment policy as of September 30, 2020, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. The following is a listing of investments held at September 30, 2020:

	Recorded Value	Credit Quality Rating	Percentage of Investments	Weighted Average Maturity (Days)
Investment Type:				
Local Government Investment Pools:				
TexPool	$ 68,593	AAAm	0.07%	38
Texas CLASS	11,819,455	AAAm	12.86%	89
Total Local Government Investment Pools	11,888,048		12.93%	
Investment Securities:				
Certificates of Deposit	37,450,000	N/A	40.74%	57
Money Market & Insured Cash Sweep	42,587,840	N/A	46.33%	1
Total Investment Securities	80,037,840		87.07%	
	$ 91,925,888		100.00%	

Interest Rate Risk

In order to minimize risk of loss due to interest rate fluctuations, the City's investment policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

Operating Funds - The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity of each security and the maximum allowable maturity shall be there for years.

Debt Service Fund - The maximum maturity for securities purchased shall not exceed the corresponding debt service payment date.

Special Purpose Funds - The maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Custodial Credit Risk

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2020.

As of September 30, 2020, all of DEDC's and DPDC's deposits were fully insured by FDIC insurance or collateralized.

3. Receivables

Accounts receivables at September 30, 2020, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Nonmajor Governmental	Total
Receivables:				
Property taxes	$ 809,180	$ 280,400	$ -	$ 1,089,580
Sales tax	2,001,612	-	-	2,001,612
Hotel occupancy taxes	-	-	203,645	203,645
Court fines	8,799,132	-	-	8,799,132
Ambulance	6,642,911	-	-	6,642,911
Franchise fees	746,220	-	-	746,220
Alarm permits	173,908	-	-	173,908
Other	127,648	-	44,823	172,471
Gross receivables	19,300,611	280,400	248,468	19,829,479
Less: allowance for uncollectible accounts	(14,630,486)	(151,100)	-	(14,781,586)
Net receivables	$ 4,670,125	$ 129,300	$ 248,468	$ 5,047,893

	Proprietary Funds			
	Public Utility	Drainage	Sanitation	Total
Customer accounts	$ 3,595,445	$ 173,929	$ 718,077	$ 4,487,451
Other	340	-	113	453
Gross receivables	3,595,785	173,929	718,190	4,487,904
Less: allowance for uncollectible accounts	(214,890)	(8,067)	(19,089)	(242,046)
Net receivables	$ 3,380,895	$ 165,862	$ 699,101	$ 4,245,858

Notes receivable at September 30, 2020, for the City's governmental activities are as follows:

	2020
DeSoto Economic Development Corporation	$ 280,000
DeSoto Park Development Corporation	330,000
Total notes receivable	$ 610,000

See note 5 for discretely presented component units' terms of long-term debt.

4. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2020, is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,076,249	$ 437,987	$ -	$ 9,514,236
Street/Alley ROW	14,072,949	-	-	14,072,949
Construction in progress	10,978,114	5,597,510	(396,220)	16,179,404
Total capital assets not being depreciated	34,127,312	6,035,497	(396,220)	39,766,589
Capital assets being depreciated:				
Buildings	41,414,509	930,478	388,924	42,733,911
Infrastructure	177,259,157	12,234	2,876	177,274,267
Equipment and furniture	16,558,926	1,410,240	(788,689)	17,180,477
Total assets being depreciated	235,232,592	2,352,952	(396,889)	237,188,655
Less accumulated depreciation for:				
Buildings	17,347,297	1,131,051	-	18,478,348
Infrastructure	103,851,446	5,359,010	(793,109)	108,417,347
Equipment and furniture	13,329,886	1,116,372	-	14,446,258
Total accumulated depreciation	134,528,629	7,606,433	(793,109)	141,341,953
Total capital assets being depreciated, net	100,703,963	(5,253,481)	396,220	95,846,702
Governmental activities capital assets, net	$ 134,831,275	$ 782,016	$ -	$ 135,613,291

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,244,443	$ -	$ -	$ 1,244,443
Construction in progress	4,760,232	1,740,064	(2,545,327)	3,954,969
Total capital assets, not being depreciated	6,004,675	1,740,064	(2,545,327)	5,199,412
Capital assets being depreciated:				
Water and sewer system	89,861,436	-	2,462,722	92,324,158
Drainage system	13,572,686	-	82,604	13,655,290
Improvements	15,075,500	-	-	15,075,500
Equipment and furniture	2,358,854	25,317	(25,665)	2,358,506
Total assets being depreciated	120,868,476	25,317	2,519,661	123,413,454
Less accumulated depreciation for:				
Water and sewer system	50,362,753	2,098,613	-	52,461,366
Drainage system	6,078,862	537,886	-	6,616,748
Improvements	9,452,042	533,235	-	9,985,277
Equipment and furniture	1,753,808	140,900	-	1,894,708
Total accumulated depreciation	67,647,465	3,310,634	-	70,958,099
Total capital assets being depreciated, net	53,221,011	(3,285,317)	2,519,661	52,455,355
Business-type activities capital assets, net	$ 59,225,686	$(1,545,253)	$(25,666)	$ 57,654,767

Capital assets activity for the discretely presented component units is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Park Development Corporation:				
Capital assets not being depreciated:				
Land	$ 11,250	$ -	$ -	$ 11,250
Total capital assets not being depreciated	11,250	-	-	11,250
Capital assets being depreciated:				
Improvements	5,324,530	-	-	5,324,530
Total assets being depreciated	5,324,530	-	-	5,324,530
Less accumulated depreciation for:				
Improvements	3,593,259	66,515	-	3,659,774
Total accumulated depreciation	3,593,259	66,515	-	3,659,774
Total capital assets being depreciated, net	1,731,271	(66,515)	-	1,664,756
DeSoto Park Development Corporation capital assets, net	$ 1,742,521	$(66,515)	$ -	$ 1,676,006

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Economic Development Corporation:				
Capital assets being depreciated:				
Furniture and equipment	$ 69,879	$ -	$ -	$ 69,879
Total assets being depreciated	69,879	-	-	69,879
Less accumulated depreciation for:				
Furniture and equipment	69,879	-	-	69,879
Total accumulated depreciation	69,879	-	-	69,879
Total capital assets being depreciated, net	-	-	-	-
DeSoto Economic Development Corporation capital assets, net	$ -	$ -	$ -	$ -

Depreciation

Depreciation expense was charged to functions/programs of the City as follows:

	Depreciation Expense
Primary government	
Governmental activities:	
General government	$ 418,637
Public safety	1,000,778
Development services	5,053,891
Parks and recreation	959,452
Library services	28,262
Financial services	22,164
Information technology	123,249
Total Governmental activities	7,606,433
Business-type activities:	
Water and sewer	2,584,966
Drainage	649,016
Sanitation	76,652
Total Business-type activities	3,310,634
Total primary government	$ 10,917,067

Construction commitments

The City has active construction projects as of September 30, 2020. At year end, the City's commitments with contractors were as follows:

Projects	Remaining Commitment
Street improvements	$ 8,013,781
Drainage	1,042,258
Water and sewer	681,402
Total Commitments	$ 9,737,441

5. Long-term Liabilities

Changes in the City's long-term liability activity for the year ended September 30, 2020, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds	$ 44,700,000	$ -	$(4,850,000)	$ 39,850,000	$ 5,130,000
Certificates of obligation	11,655,000	-	(345,000)	11,310,000	350,000
Bond premium	5,496,463	-	(515,461)	4,981,002	-
Capital leases	1,097,474	-	(171,709)	925,765	176,087
Compensated absences	4,510,755	986,014	(424,473)	5,072,296	1,014,459
Total governmental activity Long-term liabilities	$ 67,459,692	$ 986,014	$(6,306,643)	$ 62,139,063	$ 6,670,546
Business-type activities:					
General obligation bonds	$ 4,025,000	$ -	$(505,000)	$ 3,520,000	$ 520,000
Certificates of obligation	13,910,000	-	(720,000)	13,190,000	770,000
Bond premium	1,046,116	-	(84,038)	962,078	-
Compensated Absences	446,166	8,937	(64,348)	390,755	78,151
Total business-type activity Long-term liabilities	$ 19,427,282	$ 8,937	$(1,373,386)	$ 18,062,833	$ 1,368,151

Changes in the discretely presented component units' long-term liabilities for the year ended September 30, 2020, are as follows:

DeSoto Park Development Corporation	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue refunding bonds	$ 615,000	$ -	$(195,000)	$ 420,000	$ 205,000
Note payable	330,000	-	(105,000)	225,000	110,000
Total	$ 945,000	$ -	$(300,000)	$ 645,000	$ 315,000
DeSoto Economic Development Corporation					
Revenue refunding bonds	$ 1,210,000	$ -	$(225,000)	$ 985,000	$ 230,000
Premium on bond issuance	18,591	-	(3,717)	14,874	-
Compensated Absences	27,500	9,958	(133)	37,325	7,465
Note payable	300,000	-	(20,000)	280,000	20,000
Total	$ 1,556,091	$ 9,958	$(248,850)	$ 1,317,199	$ 257,465

For governmental activities, compensated absences are generally liquidated by the General Fund.

Governmental Activities

General obligation bonds and certificates of obligation for Governmental Activities outstanding at September 30, 2020, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/20
2009 General Obligation & Refunding	3.0 - 4.5%	2/15/29	$ 575,000
2011 Refunding	2.0 - 4.0%	2/15/31	935,000
2012 Refunding	3.0 - 5.0%	2/15/25	9,835,000
2013 Refunding	2.0 - 4.0%	2/15/25	2,145,000
2015 General Obligation	2.5 - 4.0%	2/15/30	2,750,000
2016 Refunding	2.0 - 3.0%	2/15/36	4,950,000
2016 Refunding (Taxable)	2.25 - 4.0%	2/15/36	1,450,000
2017 Refunding	2.0 - 4.0%	2/15/37	13,070,000
2019 General Obligation	3.0 - 4.0%	2/15/39	4,140,000
Total general obligation bonds			39,850,000
Certificates of Obligation:			
2011A Tax and Revenue	4.75 - 5.75%	2/15/31	635,000
2011B Tax and Revenue	2.00%	2/15/31	665,000
2015 Tax and Revenue	2.5 - 3.5%	2/15/30	1,735,000
2016 Tax and Revenue	2.5 - 4.0%	2/15/36	830,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	3,190,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,255,000
Total certificates of obligation			11,310,000
Total bonds and certificates payable			$ 51,160,000

Business-Type Activities

General obligation bonds and certificates of obligation for Business-Type Activities outstanding at September 30, 2020, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/20
2012 Refunding Bonds	3.0 - 5.0%	2/15/25	$ 880,000
2013 Refunding Bonds	2.0 - 4.0%	2/15/25	260,000
2016 Refunding Bonds	2.0 - 3.0%	2/15/26	435,000
2017 Refunding Bonds	2.0 - 4.0%	2/15/37	1,945,000
Total general obligation bonds			3,520,000
Certificates of Obligation:			
2010 Tax and Revenue	2.0 - 4.3%	2/15/30	2,945,000
2011B Tax and Revenue	2.0 - 4.0%	2/15/31	1,905,000
2013 Tax and Revenue	2.0 - 3.5%	2/15/33	2,750,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	845,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,745,000
Total certificates of obligation			13,190,000
Total bonds and certificates			$ 16,710,000

Component Units

Revenue bonds and notes payable for Component Units outstanding at September 30, 2020, consist of the following individual issues:

DeSoto Park Development Corporation	Interest Rate	Final Maturity Date	Outstanding 09/30/20
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/22	$ 420,000
Notes Payable:			
City of DeSoto - 2012 GOs	3.0 - 5.0%	2/15/25	225,000
Total bonds and notes payable			$ 645,000

DeSoto Economic Development Corporation	Interest Rate	Final Maturity Date	Outstanding 09/30/20
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/24	$ 985,000
Notes Payable:			
City of DeSoto - 2011A COs	4.75 - 5.75%	2/15/31	280,000
Total bonds and notes payable			$ 1,265,000

Amortization Schedules

The annual requirements to amortize long term debt as of September 30, 2020, are as follows:

General Obligation Bonds

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2021	$ 5,130,000	$ 1,502,206	$ 520,000	$ 139,150
2022	5,345,000	1,286,744	545,000	117,300
2023	4,965,000	1,064,150	525,000	94,025
2024	4,850,000	845,575	465,000	72,075
2025	4,855,000	635,331	405,000	53,550
2026-2030	9,825,000	1,465,325	1,060,000	85,425
2031-2035	3,045,000	543,744	-	-
2036-2040	1,835,000	95,363	-	-
Total	$ 39,850,000	$ 7,438,438	$ 3,520,000	$ 561,525

Certificates of Obligation

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2021	350,000	$ 398,219	$ 770,000	$ 471,144
2022	355,000	386,469	795,000	443,844
2023	465,000	372,531	835,000	414,431
2024	480,000	357,325	860,000	382,806
2025	500,000	340,844	885,000	349,744
2026-2030	4,030,000	1,304,938	5,015,000	1,202,359
2031-2035	3,115,000	603,419	2,620,000	410,113
2036-2040	2,015,000	109,275	1,410,000	83,500
Total	$ 11,310,000	$ 3,873,020	$ 13,190,000	$ 3,757,941

Notes Payable

	DPDC		DEDC	
Fiscal Year	Principal	Interest	Principal	Interest
2021	$ 110,000	$ 8,500	$ 20,000	$ 14,875
2022	115,000	2,875	20,000	13,875
2023	-	-	20,000	12,825
2024	-	-	20,000	11,775
2025	-	-	25,000	10,594
2026-2030	-	-	140,000	30,988
2031	-	-	35,000	1,006
Total	$ 225,000	$ 11,375	$ 280,000	$ 95,938

Revenue Refunding Bonds

	DPDC		DEDC	
Fiscal Year	Principal	Interest	Principal	Interest
2021	$ 205,000	$ 12,700	$ 230,000	$ 34,800
2022	215,000	4,300	245,000	25,300
2023	-	-	250,000	15,400
2024	-	-	260,000	5,200
Total	$ 420,000	$ 17,000	$ 985,000	$ 80,700

In prior years and during the current year, the City defeased, certain debt by placing the proceeds of the new bonds in an irrevocable trust, to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At September 30, 2020, the City had no defeased debt outstanding.

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These leases qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The cost of equipment purchased with capital leases is $3,919,667, and accumulated depreciation is $3,059,535, with a carrying value of $860,132 as of September 30, 2020.

The following is a schedule of the future minimum lease payments under these agreements and the present value of the net minimum lease payments at September 30, 2020:

Fiscal Year	Amount
2021	$ 199,713
2022	199,713
2023	199,713
2024	199,713
2025	199,713
Minimum lease payments	998,565
Less: amount representing interest	(72,800)
Total	$ 925,765

6. Interfund Balances and Transfers

Due to/from Other Funds

There composition of interfund balances outstanding as of September 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Nonmajor Governmental	$ 33,889	Advances for expenditure driven grants
Nonmajor Governmental	General	10,813	Advances for payroll expenditures
Public Utility	General	10,673	Advances for payroll expenditures
Drainage	General	3,654	Advances for payroll expenditures
Sanitation	General	2,190	Advances for payroll expenditures
Totals		$ 61,219	

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2020, is as follows:

Transfer From	Transfer To	Amount	Purpose
General fund	Debt service	$ 235,564	To fund debt service
	Street Improvement	704,689	Street improvement projects
	Public Facilities Cap. Imp.	1,392,000	To supplement capital projects funding
	Nonmajor governmental	1,033,625	Miscellaneous
Public Facilities Cap. Imp.	Nonmajor governmental	106,830	To supplement grant funding
Debt service	General fund	26,300	Miscellaneous
Nonmajor governmental	General fund	30,700	Miscellaneous
	Street Improvement	159,915	Street improvement projects
	Public Facilities Cap. Imp.	500,000	To supplement capital projects funding
Public utility	General fund	2,124,808	PILOT, franchise fees, energy management grant, and maintenance and equipment
		$ 6,314,431	

7. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% Repeating
Annuity increase to retirees:	30% of CPI repeating
Supplemental death benefit - employees and retirees	Yes

The employer contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage. There is an optional higher maximum rate that may be applied in certain circumstances if elected by participating cities, or a city may elect to remove the maximum rate.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	262
Inactive employees entitled to but not yet receiving benefits	268
Active employees	343
Total	873

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.93% and 10.94% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $2,656,236, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum. The city should insert the plan provisions that they have adopted. For example, the city may include retirement eligibility, employee and employer deposit rates, vesting requirements, and other provisions such as cost-of-living adjustments or updated service credit. Plan provisions, by city, are included in the last section of TMRS' Comprehensive Annual Financial Report (CAFR). The city may also want to refer to TMRS' Plan Description footnote, in the TMRS CAFR, to obtain additional language regarding the pension plan. mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2018	$ 121,659,668	$ 110,331,226	$ 11,328,442
Changes for the year:			
Service cost	3,938,051	-	3,938,051
Interest	8,150,857	-	8,150,857
Change In Assumptions	346,322		346,322
Difference between expected and actual experience	555,198	-	555,198
Contributions - employer	-	2,632,593	(2,632,593)
Contributions - employee	-	1,686,016	(1,686,016)
Net investment income	-	17,052,625	(17,052,625)
Benefit payments, including refunds of employee contributions	(5,750,524)	(5,750,524)	-
Administrative expense	-	(96,380)	96,380
Other changes	-	(2,895)	2,895
Net changes	7,239,904	15,521,435	(8,281,531)
Balance at 12/31/2019	$ 128,899,572	$ 125,852,661	$ 3,046,911

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability/(asset)	$ 21,167,101	$ 3,046,911	$(11,804,836)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized a pension expense of $3,197,560.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 409,477	$ 675,943
Changes in actuarial assumptions	255,424	-
Difference between projected and actual investment earnings	-	3,847,601
Contributions subsequent to the measurement date	2,031,809	-
Total	$ 2,696,710	$ 4,523,544

$2,031,809 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2021	$(1,239,737)
2022	(1,163,693)
2023	465,841
2024	(1,921,054)

8. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Plan

Plan Description

The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided.

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	183
Inactive employees entitled to but not yet receiving benefits	48
Active employees	343
Total	574

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.19% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Actuarial Assumptions

The City's Total OPEB Liability ("TOL") was measured at December 31, 2019 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation rate	2.50%
Actuarial cost method	Entry Age Normal
Discount rate	2.75%
Projected salary increases	3.5% to 11.5% including inflation

Changes in Total OPEB Liability

Chagnes in Total OPEB Liability	
Total OPEB Liability - Beginning	$ 968,254
Changes for the year:	
Service cost	50,580
Interest on total OPEB liability	36,682
Differences between expected and actual experience	(11,795)
Changes in assumptions or other inputs	203,697
Benefit payments	(9,634)
Net Changes in Total OPEB Liability	269,530
Total OPEB Liability - Ending	$ 1,237,784

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.75%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
$ 1,510,062	$ 1,237,784	$ 1,029,161

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2020, the City recognized OPEB expense of $118,410 relating to the SDBF plan.

As of September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual economic experience	$ -	$ 25,210
Difference in assumption changes	208,557	48,854
Employer contributions subsequent to the measurement date	7,450	-
Totals	$ 216,007	$ 74,064

The $7,450 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2021. Amounts currently reported as deferred outflows and inflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2021	$ 31,148
2022	31,148
2023	31,148
2024	19,343
2025	21,706

Health Insurance

In addition to providing pension benefits, retired employees are entitled to elect continuation coverage under the City's group accident and health insurance plan. The City revised its health care plan which requires that retirees pay the full cost of their health care as determined by the City's health care provider. The health care provider segregates the retired employees and calculates the healthcare costs for that group. Therefore, the City does not have an implicit cost for retired employees' health care coverage and no liability for postretirement benefits.

9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with IRC 457. The plan, available to all permanent City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. Participants' rights under the plan are in an amount equal to the fair value of the deferred account for each participant. Investments that are held by an outside trustee in the deferred compensation plan are not reported in the City's financial statements as the City maintains no fiduciary responsibility for such assets.

10. Commitments and Contingencies

Trinity River Authority of Texas

In November 1983, the City and other area municipalities entered into a contract with the Trinity River Authority (the "Authority") for utilization of the Authority's sewer transmission and treatment facilities. Under the contract, the City is required to pay a portion of the annual cash requirement to operate the facility determined by dividing the actual number of gallons discharged into the system by the City by the total number of gallons discharged by all of the participating cities. Accordingly, the future obligations of the City in connection with the contract cannot be estimated since payment varies in direct relationship to gallons discharged. The City has no ownership interest in the Authority or in conjunction with other participating cities.

Total payments made by the City under the contract amounted to $7,176,101 for 2020. The payments are reflected in the accompanying statement of revenues, expenses and changes in net position of the Public Utility Fund. Under the terms of the contract, the City is obligated to make payments for the use of the facilities for the life of the facilities. Further, revenue of the Public Utility Fund are pledged to support payments due the Authority in accordance with the terms of the contract. Such payments are considered operating expenses and, therefore, have priority over principal and interest due on revenue bonds.

State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, would not be material.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the City purchased commercial insurance to cover these general liabilities from the Texas Municipal League Risk Pool ("TML"). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain the risk of losses. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

DEDC

As of September 30, 2020, the DEDC had approved several grants totaling approximately $10,050,740, payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City.

DEDC grant commitments are scheduled as follows:

Fiscal Year	Amount
2021	$ 295,610
2022	295,610
2023	295,610
2024	295,610
2025-2029	1,478,050
2039-2034	1,478,050
2035-2039	1,478,050
2040-2044	1,478,050
2045-2049	1,478,050
2050-2054	1,478,050
Total	$ 10,050,740

Other Contingencies

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management and based on consultation with the City's attorney, the City's potential liability in these matters will not have a material impact on the financial statements.

11. Joint Ventures

Southwest Regional Communications Center

The Southwest Regional Communications Center (the Center) provides police, fire, medical aid and emergency service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During fiscal year 2020, the City contributed $778,258 to the operations of the Center. The City has a one-third share in the equity of the Center, accounted for in the government wide Statement of Net Position. The value of the City's share in the equity of the facility as of September 30, 2020, is $305,500. The Center issues separate financial statements available from the City's Financial Department.

Regional Animal Control Shelter

The City also entered into an annually renewable Interlocal Cooperation agreement with the cities of Cedar Hill and Duncanville on September 3, 1991, to establish a Regional Animal Control Shelter facility ("facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2020, the City contributed $267,387 to the operations of the facility. The City has a one-third share in the equity of the facility, accounted for in the government wide Statement of Net Position. The value of the City's share in the equity of the facility as of September 30, 2020, is $528,178. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P. O. Box 96, Cedar Hill, TX 75106-0096.

12. Tax Abatements

The City's Economic Development Incentive Program, authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380, enables the City to provide grants or reimbursements from the City's general fund or economic development corporation. The City will judge each project applying for incentives under the City's Economic Development Program based on 1) the amount of tax revenues the City expects to be generated by the operation of the commercial enterprise, 2) the extent of economic enhancement and stimulation that the City will derive from location and/or operation of the commercial enterprise's business, 3) the number and quality of new employment opportunities which the City expects will result, directly and indirectly, from the operation of the commercial enterprise, and 4) the availability and priority of funding and resources the City currently has to participate in an incentive program. Businesses that have a Economic Development Incentive agreement with the City are eligible to receive a reimbursement of property and/or sales and use taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. For the fiscal year ended September 30, 2020, the City rebated $2,088,816 in sales tax and $1,453,302 in property taxes.

13. Subsequent Events

On October 15, 2020, the City issued General Obligation Refunding Bonds, Taxable Series 2020A; General Obligation Refunding Bonds, Tax-Exempt Series 2020B; and Combination Tax and Revenue Certificates of Obligation, Series 2020 in the amount of $3,510,000, $5,180,000, and $23,820,000, respectively. The bonds carry interest rates of 0.430% to 2.130%, 2.00% to 5.00%, and 2.00% to 5.00%, and mature in 2033, 2031, and 2040, respectively.

14. Global Pandemic - COVID-19

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to cause market fluctuations. Business continuity and financial markets, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

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REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 24,122,200	$ 23,543,897	$ 24,634,255	$ 1,090,358
Sales taxes	7,717,000	7,453,184	9,614,011	2,160,827
Franchise fees and other	3,086,000	3,086,000	2,762,423	(323,577)
Fines and forfeitures	1,191,000	1,191,000	1,050,471	(140,529)
Licenses and permits	1,114,000	1,114,000	1,496,317	382,317
Intergovernmental	765,772	3,737,485	1,256,223	(2,481,262)
Charges for services	2,226,830	2,226,830	2,334,142	107,312
Investment earnings	300,450	300,450	581,519	281,069
Recreation services	719,085	719,085	308,308	(410,777)
Miscellaneous	273,130	283,130	248,925	(34,205)
Total revenues	41,515,467	43,655,061	44,286,594	631,533
EXPENDITURES				
Current:				
General government	4,174,122	4,495,002	3,721,779	773,223
Public safety:				
Police	10,736,315	10,829,994	10,025,662	804,332
Fire	8,709,947	8,709,947	8,730,342	(20,395)
Development services	6,435,228	6,640,446	5,071,584	1,568,862
Financial services	1,105,351	1,105,351	968,037	137,314
Municipal court	710,475	710,475	636,034	74,441
Information technology	1,615,831	1,586,918	1,511,155	75,763
Human resources	712,754	722,754	715,869	6,885
Parks and recreation	3,746,082	3,953,129	3,277,093	676,036
Library services	1,417,153	1,417,153	1,246,043	171,110
Capital outlay	2,339,123	3,022,125	2,444,542	577,583
Total expenditures	41,702,381	43,193,294	38,348,140	4,845,154
Excess (deficiency) of revenues over expenditures	(186,914)	461,767	5,938,454	5,476,687
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	50,000	50,000	85,080	35,080
Transfers in	2,181,808	2,181,808	2,181,808	-
Transfers out	(3,365,878)	(3,365,878)	(3,365,878)	-
Total other financing sources (uses)	(1,134,070)	(1,134,070)	(1,098,990)	35,080
NET CHANGE IN FUND BALANCE	(1,320,984)	(672,303)	4,839,464	5,511,767
FUND BALANCE - BEGINNING	28,399,960	28,399,960	28,399,960	-
FUND BALANCE - ENDING	$ 27,078,976	$ 27,727,657	$ 33,239,424	$ 5,511,767

Budgetary Information

The City follows these procedures in establishing its annual budget:

1) Prior to August 1, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1.

2) Public hearing is conducted to obtain taxpayer comments.

3) The budget is legally enacted by the City Council through passage of an ordinance prior to October 1.

4) Any revisions that alter the total budgeted expenditures of the Enterprise of Governmental Funds must be approved by the City Council.

5) Formal budgetary integration is employed as a management control device during the year for the General Fund.

6) Unused appropriations lapse at fiscal year-end and may not be carried over to the following fiscal year.

7) The City Manager is authorized to adjust budget amounts; however, such revisions may not result in total budgeted expenditures (appropriations) in excess of budgeted revenues at the fund level without the approval of City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the Fund level.

8) Budgetary statements and schedules are presented for all funds with legally adopted budgets. The Homeland Security Grant Fund and Public Improvement District Fund do not have legally adopted budgets and accordingly budget information is not presented for these funds.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the Housing Finance Corporation Fund, a nonmajor special revenue fund, by $30. This overage was funded with existing fund balance.

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date December 31,	**2019**	**2018**	**2017**
Total pension liability			
Service cost	$ 3,938,051	$ 3,696,781	$ 3,635,681
Interest on total pension liability	8,150,857	7,824,071	7,474,629
Changes of benefit terms	-	-	-
Difference between expected and actual experience	555,198	(987,632)	(366,786)
Change of assumptions	346,322	-	-
Benefit payments/refunds of contributions	(5,750,524)	(5,874,410)	(5,327,389)
Net change in total pension liability	7,239,904	4,658,810	5,416,135
Total pension liability, beginning	121,659,668	117,000,858	111,584,723
Total pension liability, ending (a)	$ 128,899,572	$ 121,659,668	$ 117,000,858
Plan fiduciary net position			
Contributions - employer	$ 2,632,593	$ 2,542,237	$ 2,483,717
Contributions - employee	1,686,016	1,584,658	1,553,710
Net investment income	17,052,625	(3,462,817)	14,239,492
Benefit payments/refunds of contributions	(5,750,524)	(5,874,655)	(5,327,389)
Administrative expenses	(96,380)	(66,931)	(73,795)
Other	(2,895)	(3,498)	(3,740)
Net change in fiduciary net position	15,521,435	(5,281,006)	12,871,995
Fiduciary net position, beginning	110,331,226	115,612,232	102,740,237
Fiduciary net position, ending (b)	$ 125,852,661	$ 110,331,226	$ 115,612,232
Net pension liability = (a)-(b)	3,046,911	11,328,442	1,388,626
Fiduciary net position as a percentage of total pension liability	97.64%	90.69%	98.81%
Covered payroll	$ 24,085,941	$ 22,637,970	$ 22,195,857
Net Pension liability as a percentage of covered payroll	12.65%	50.04%	6.26%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

2016	2015	2014
$ 3,465,471	$ 3,177,007	$ 2,763,679
7,110,831	6,960,684	6,674,548
-		(4,591,077)
(292,389)	(1,294,146)	(710,026)
-	1,862,527	-
(4,624,192)	(5,261,823)	(4,432,593)
5,659,721	5,444,249	(295,469)
105,925,002	100,480,753	100,776,222
$ 111,584,723	$ 105,925,002	$ 100,480,753
$ 2,198,752	$ 2,208,445	$ 2,324,637
1,482,781	1,420,874	1,388,154
6,568,321	145,745	5,386,759
(4,624,192)	(5,261,823)	(4,432,593)
(74,183)	(88,773)	(56,242)
(3,997)	(4,385)	(4,624)
5,547,482	(1,579,917)	4,606,091
97,192,755	98,772,672	94,166,581
$ 102,740,237	$ 97,192,755	$ 98,772,672
8,844,486	8,732,247	1,708,081
92.07%	91.76%	98.30%
$ 21,182,583	$ 20,248,609	$ 19,817,910
41.75%	43.13%	8.62%

CITY OF DESOTO, TEXAS

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal Year Ended September 30,	**2020**	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 2,656,236	$ 2,542,237	$ 2,547,550	$ 2,402,016
Contributions in relation to the actuarially determined contribution	2,656,236	2,542,237	2,547,550	2,402,016
Contribution deficiency (excess)	-	-	-	-
Covered payroll	24,362,584	23,845,895	22,704,936	21,840,500
Contributions as a percentage of covered payroll	10.9%	10.7%	11.2%	11.0%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective on January 1st, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

2016	2015	2014	2013	2012	2011
$ 2,278,194	$ 2,245,773	$ 2,332,905	$ 2,284,542	$ 2,381,834	$ 2,785,993
2,278,194	2,245,773	2,332,905	2,284,542	2,381,834	2,785,993
-	-	-	-	-	-
21,674,821	20,202,038	19,678,012	19,145,770	18,402,485	18,354,272
10.5%	11.1%	11.9%	11.9%	12.9%	15.2%

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date December 31,	**2019**	**2018**	**2017**
Total OPEB liability			
Service cost	$ 50,580	$ 49,804	$ 44,392
Interest on total OPEB liability	36,682	33,400	32,369
Difference between expected and acutal experience	(11,795)	(23,044)	-
Changes in assumptions	203,697	(72,685)	80,007
Benefit payments	(9,634)	(6,791)	(6,659)
Net change in total OPEB liability	269,530	(19,316)	150,109
Total OPEB liability, beginning	968,254	987,570	837,461
Total OPEB liability, ending (a)	$ 1,237,784	$ 968,254	$ 987,570
Covered-employee payroll	$ 24,085,941	$ 22,637,970	$ 22,704,936
Total OPEB liability as a percentage of covered payroll	5.14%	4.28%	4.35%

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.
Note: Changes in assumptions reflect changes in the discount rate.

NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Regional Jail - To account for restricted revenues and expenditures of the regional jail operation utilized by the cities of DeSoto and Lancaster. The facilities house arrested persons for a maximum of 72 hours.

Municipal Court Fund - To account for municipal court fees collected through the court to provide for various municipal court security features or to enhance existing operations through technology.

Police-Seized Fund - Accounts for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified police department purposes.

Police Grant Fund - To account for grant funding received to support police operations.

Homeland Security Grant Fund - To account for grant funding received for homeland security purposes.

Hotel Occupancy Tax Fund - To account for tax revenue collected as a percentage of gross receipts for all hotel and motel temporary room rentals within the City. The funds are expended to promote tourism and culture in the City.

Health Facilities Development Corporation - Blended component unit whose purpose is to assist with the development of health care facilities for the maintenance of the public health in the City.

Housing Finance Corporation - Blended component unit whose purpose is to assist with the financing of residential developments in the City.

Industrial Development Authority, Inc. - Blended component unit whose purpose is to promote and develop commercial, industrial, manufacturing and medical research enterprises in the City.

Community Development Block Grant - To account for federal awards from the U.S. Department of Housing and Urban Development for community development.

Public Improvement District Fund – To account for the levy of special assessments and expenditures for improvements within the Danieldale Homestead PID.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Parks Capital Improvement Fund - To account for the purchase and improvement of the City’s parks. Financing is provided by general obligation bonds and contributions from developers.

Fire Station Bond Project and Park Improvement Fund - These funds account for the constructing, improving and equipping fire-fighting facilities and equipping park and recreation facilities within the City. General obligation bonds provide the financing.

Park Improvements Fund - These funds account for the financial and construction costs of various park improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

City Improvements Fund - These funds will assist with future economic growth and improvement projects in the City.

CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds			
	Regional Jail	Municipal Court	Police Seized Assets	Police Grants
ASSETS				
Cash and investments	$ 613,792	$ 247,526	$ 124,269	$ 28,541
Receivables, net:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Accounts	20,850	-	-	23,860
Due from other funds	10,445	368	-	-
Prepaid items	-	-	3,003	-
Total assets	645,087	247,894	127,272	52,401
LIABILITIES				
Accounts payable	192	678	8,575	1,893
Accrued liabilities	34,390	131	129	2,509
Due to other funds	-	-	-	-
Unearned revenues	-	-	6,025	-
Total liabilities	34,582	809	14,729	4,402
DEFERRED INFLOWS OF RESOURCES				
Unavaliable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted for:				
Public safety	610,505	247,085	-	47,999
Economic development	-	-	112,543	-
Capital projects	-	-	-	-
Committed:				
Public health	-	-	-	-
Development	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Total fund balances	610,505	247,085	112,543	47,999
Total liabilities and fund balances	$ 645,087	$ 247,894	$ 127,272	$ 52,401

Special Revenue Funds							Capital Projects Funds
Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority	Community Development Block Grant	Public Improvement District	Parks Capital Improvement
$ 1,540	$ 2,260,350	$ 19,205	$ 119,554	$ 30,408	$ -	$ 20,458	$ 328,901
-	203,645	-	-	-	-	-	-
-	-	-	-	-	114,480	-	-
-	113	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,540	2,464,108	19,205	119,554	30,408	114,480	20,458	328,901
-	53,902	-	-	-	10,420	-	750
-	-	-	-	-	-	-	-
-	-	-	-	-	33,889	-	-
-	100	-	-	-	-	-	-
-	54,002	-	-	-	44,309	-	750
-	106,930	-	-	-	-	-	-
-	106,930	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,303,176	-	-	-	-	-	-
-	-	-	-	-	-	-	328,151
1,540	-	19,205	-	-	-	-	-
-	-	-	119,554	30,408	70,171	20,458	-
-	-	-	-	-	-	-	-
1,540	2,303,176	19,205	119,554	30,408	70,171	20,458	328,151
$ 1,540	$ 2,464,108	$ 19,205	$ 119,554	$ 30,408	$ 114,480	$ 20,458	$ 328,901

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CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Capital Projects Funds			
	Fire Station Bond Project	Park Improvement	City Improvement	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 721,187	$ 1,247,259	$ 2,546,970	$ 8,309,960
Receivables, net:				
Taxes	-	-	-	203,645
Due from other governments	-	-	-	114,480
Accounts	-	-	-	44,823
Due from other funds	-	-	-	10,813
Prepaid items	-	-	-	3,003
Total assets	721,187	1,247,259	2,546,970	8,686,724
LIABILITIES				
Accounts payable	62,956	2,777	-	142,143
Accrued liabilities	-	-	-	37,159
Due to other funds	-	-	-	33,889
Unearned revenues	-	-	-	6,125
Total liabilities	62,956	2,777	-	219,316
DEFERRED INFLOWS OF RESOURCES				
Unavaliable revenue	-	-	-	106,930
Total deferred inflows of resources	-	-	-	106,930
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	905,589
Economic development	-	-	-	2,415,719
Capital projects	-	1,146,700	-	1,474,851
Committed:				
Public health	-	-	-	20,745
Development	-	-	-	240,591
Assigned:				
Capital projects	658,231	97,782	2,546,970	3,302,983
Total fund balances	658,231	1,244,482	2,546,970	8,360,478
Total liabilities and fund balances	$ 721,187	$ 1,247,259	$ 2,546,970	$ 8,686,724

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds			
	Regional Jail	Municipal Court	Police Seized Assets	Police Grants
REVENUES				
Hotel occupancy tax	$ -	$ -	$ -	$ -
Fines and fees	-	46,576	-	-
Intergovernmental	1,195,550	-	-	86,449
Charges for services	29,660	-	-	-
Investment earnings	3,445	1,517	2,932	-
Miscellaneous	241	-	1,085	-
Total revenues	1,228,896	48,093	4,017	86,449
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	1,089,625	-	235,899	86,483
Development services	-	-	-	-
Municipal court	-	56,409	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,089,625	56,409	235,899	86,483
Excess (deficiency) of revenue over expenditures	139,271	(8,316)	(231,882)	(34)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	30,000	-	3,625
Transfer out	(19,500)	(11,200)	-	-
Total other financing sources (uses)	(19,500)	18,800	-	3,625
NET CHANGE IN FUND BALANCES	119,771	10,484	(231,882)	3,591
FUND BALANCES - BEGINNING	490,734	236,601	344,425	44,408
FUND BALANCES - ENDING	$ 610,505	$ 247,085	$ 112,543	$ 47,999

Special Revenue Funds							Capital Projects Funds
Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority	Community Development Block Grant	Public Improvement District	Parks Capital Improvement
$ -	$ 894,320	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	480,345	-	-
-	22,579	-	-	-	-	-	-
-	18,014	128	22	208	492	-	1,766
-	150,465	-	-	-	-	50,000	134,400
-	1,085,378	128	22	208	480,837	50,000	136,166
-	297,280	-	20,030	-	-	29,542	-
-	-	-	-	-	-	-	-
-	-	-	-	-	250,751	-	-
-	-	-	-	-	-	-	-
-	163,170	-	-	-	-	-	8,782
-	-	-	-	-	-	-	14,630
-	460,450	-	20,030	-	250,751	29,542	23,412
-	624,928	128	(20,008)	208	230,086	20,458	112,754
-	-	-	-	-	-	-	-
-	-	-	-	-	(159,915)	-	-
-	-	-	-	-	(159,915)	-	-
-	624,928	128	(20,008)	208	70,171	20,458	112,754
1,540	1,678,248	19,077	139,562	30,200	-	-	215,397
$ 1,540	$ 2,303,176	$ 19,205	$ 119,554	$ 30,408	$ 70,171	$ 20,458	$ 328,151

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Capital Projects Funds			
	Fire Station Bond Project	Park Improvement	City Improvement	Total Nonmajor Governmental Funds
REVENUES				
Hotel occupancy tax	$ -	$ -	$ -	$ 894,320
Fines and fees	-	-	-	46,576
Intergovernmental	-	-	-	1,762,344
Charges for services	-	-	-	52,239
Investment earnings	19,389	21,164	24,202	93,279
Miscellaneous	269	70	-	336,530
Total revenues	19,658	21,234	24,202	3,185,288
EXPENDITURES				
Current:				
General government	-	-	-	346,852
Public safety:				
Police	-	-	-	1,412,007
Development services	-	-	-	250,751
Municipal court	-	-	-	56,409
Parks and recreation	-	-	-	171,952
Capital outlay	1,848,842	544,119	-	2,407,591
Total expenditures	1,848,842	544,119	-	4,645,562
Excess (deficiency) of revenue over expenditures	(1,829,184)	(522,885)	24,202	(1,460,274)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	106,830	1,000,000	1,140,455
Transfer out	-	-	(500,000)	(690,615)
Total other financing sources (uses)	-	106,830	500,000	449,840
NET CHANGE IN FUND BALANCES	(1,829,184)	(416,055)	524,202	(1,010,434)
FUND BALANCES - BEGINNING	2,487,415	1,660,537	2,022,768	9,370,912
FUND BALANCES - ENDING	$ 658,231	$ 1,244,482	$ 2,546,970	$ 8,360,478

BUDGETARY COMPARISON SCHEDULES

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 7,043,984	$ 7,043,984	$ 7,193,504	$ 149,520
Intergovernmental	358,407	358,407	224,955	(133,452)
Investment earnings	50,000	50,000	94,698	44,698
Total revenue	7,452,391	7,452,391	7,513,157	60,766
EXPENDITURES				
Debt service:				
Principal	5,434,326	5,434,326	5,366,709	67,617
Interest and other	2,723,882	2,723,882	2,209,350	514,532
Total expenditures	8,158,208	8,158,208	7,576,059	582,149
Excess of revenues over expenditures	(705,817)	(705,817)	(62,902)	642,915
OTHER FINANCING SOURCES (USES)				
Transfers in	235,564	235,564	235,564	-
Transfers out	(26,300)	(26,300)	(26,300)	-
Total other financing sources (uses)	209,264	209,264	209,264	-
NET CHANGE IN FUND BALANCE	(496,553)	(496,553)	146,362	642,915
FUND BALANCE - BEGINNING	4,591,081	4,591,081	4,591,081	-
FUND BALANCE - ENDING	$ 4,094,528	$ 4,094,528	$ 4,737,443	$ 642,915

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGIONAL JAIL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 1,174,500	$ 1,174,500	$ 1,195,550	$ 21,050
Charges for services	22,800	22,800	29,660	6,860
Investment earnings	3,000	3,000	3,445	445
Miscellaneous	480	480	241	(239)
Total revenues	1,200,780	1,200,780	1,228,896	28,116
EXPENDITURES				
Current:				
Public safety:				
Police	1,293,175	1,293,175	1,089,625	203,550
Total expenditures	1,293,175	1,293,175	1,089,625	203,550
Excess of revenues over expenditures	(92,395)	(92,395)	139,271	231,666
OTHER FINANCING SOURCES (USES)				
Transfers out	(19,500)	(19,500)	(19,500)	-
Total other financing sources (uses)	(19,500)	(19,500)	(19,500)	-
NET CHANGE IN FUND BALANCE	(111,895)	(111,895)	119,771	231,666
FUND BALANCE - BEGINNING	490,734	490,734	490,734	-
FUND BALANCE - ENDING	$ 378,839	$ 378,839	$ 610,505	$ 231,666

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 60,000	$ 60,000	$ 46,576	$(13,424)
Investment earnings	900	900	1,517	617
Total revenues	60,900	60,900	48,093	(12,807)
EXPENDITURES				
Current:				
Public safety-police:				
Municipal court	89,544	89,544	56,409	33,135
Total expenditures	89,544	89,544	56,409	33,135
Excess of revenues over expenditures	(28,644)	(28,644)	(8,316)	20,328
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	30,000	-
Transfers out	(11,200)	(11,200)	(11,200)	-
Total other financing sources (uses)	18,800	18,800	18,800	-
NET CHANGE IN FUND BALANCE	(9,844)	(9,844)	10,484	20,328
FUND BALANCE - BEGINNING	236,601	236,601	236,601	-
FUND BALANCE - ENDING	$ 226,757	$ 226,757	$ 247,085	$ 20,328

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZED ASSETS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 55,000	$ 55,000	$ -	$(55,000)
Investment earnings	250	250	2,932	2,682
Miscellaneous	-	1,085	1,085	-
Total revenues	55,250	56,335	4,017	(52,318)
EXPENDITURES				
Current:				
Public safety:				
Police	220,500	251,585	235,899	15,686
Capital outlay	30,000	-	-	-
Total expenditures	250,500	251,585	235,899	15,686
NET CHANGE IN FUND BALANCE	(195,250)	(195,250)	(231,882)	(36,632)
FUND BALANCE - BEGINNING	344,425	344,425	344,425	-
FUND BALANCE - ENDING	$ 149,175	$ 149,175	$ 112,543	$(36,632)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE GRANTS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 78,019	$ 78,019	$ 86,449	$ 8,430
Total revenues	78,019	78,019	86,449	8,430
EXPENDITURES				
Current:				
Public safety:				
Police	95,490	95,490	86,483	9,007
Total expenditures	95,490	95,490	86,483	9,007
Excess of revenues over expenditures	(17,471)	(17,471)	(34)	17,437
OTHER FINANCING SOURCES (USES)				
Transfers in	3,625	3,625	3,625	-
Total other financing sources (uses)	3,625	3,625	3,625	-
NET CHANGE IN FUND BALANCE	(13,846)	(13,846)	3,591	17,437
FUND BALANCE - BEGINNING	44,408	44,408	44,408	-
FUND BALANCE - ENDING	$ 30,562	$ 30,562	$ 47,999	$ 17,437

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL OCCUPANCY TAX FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Hotel occupancy tax	$ 1,000,000	$ 1,000,000	$ 894,320	$(105,680)
Charges for services	13,500	13,500	22,579	9,079
Investment earnings	10,000	10,000	18,014	8,014
Miscellaneous	-	-	150,465	150,465
Total revenues	1,023,500	1,023,500	1,085,378	61,878
EXPENDITURES				
Current:				
General government	669,400	692,954	297,280	395,674
Parks and recreation	239,153	255,358	163,170	92,188
Total expenditures	908,553	948,312	460,450	487,862
Excess of revenues over expenditures	114,947	75,188	624,928	549,740
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	-	250,000
Total other financing sources (uses)	(250,000)	(250,000)	-	250,000
NET CHANGE IN FUND BALANCE	(135,053)	(174,812)	624,928	799,740
FUND BALANCE - BEGINNING	1,678,248	1,678,248	1,678,248	-
FUND BALANCE - ENDING	$ 1,543,195	$ 1,503,436	$ 2,303,176	$ 799,740

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HEALTH FACILITIES DEVELOPMENT CORPORATION FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 200	$ 200	$ 128	$ (72)
Total revenues	200	200	128	(72)
EXPENDITURES				
Current:				
Parks and recreation	100	100	-	100
Total expenditures	100	100	-	100
NET CHANGE IN FUND BALANCE	100	100	128	28
FUND BALANCE - BEGINNING	19,077	19,077	19,077	-
FUND BALANCE - ENDING	$ 19,177	$ 19,177	$ 19,205	$ 28

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOUSING FINANCE CORPORATION FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 750	$ 750	$ 22	$(728)
Total revenues	750	750	22	(728)
EXPENDITURES				
Current:				
General government	20,000	20,000	20,030	(30)
Total expenditures	20,000	20,000	20,030	(30)
NET CHANGE IN FUND BALANCE	(19,250)	(19,250)	(20,008)	(758)
FUND BALANCE - BEGINNING	139,562	139,562	139,562	-
FUND BALANCE - ENDING	$ 120,312	$ 120,312	$ 119,554	$(758)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
INDUSTRIAL DEVELOPMENT AUTHORITY FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 350	$ 350	$ 208	$(142)
Total revenues	350	350	208	(142)
EXPENDITURES				
Current:				
General government	250	250	-	250
Total expenditures	250	250	-	250
NET CHANGE IN FUND BALANCE	100	100	208	108
FUND BALANCE - BEGINNING	30,200	30,200	30,200	-
FUND BALANCE - ENDING	$ 30,300	$ 30,300	$ 30,408	$ 108

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 288,079	$ 653,725	$ 480,345	$(173,380)
Investment earnings	100	100	492	392
Total revenues	288,179	653,825	480,837	(172,988)
EXPENDITURES				
Current:				
Development services	94,545	634,933	250,751	384,182
Total expenditures	94,545	634,933	250,751	384,182
Excess of revenues over expenditures	193,634	18,892	230,086	211,194
OTHER FINANCING SOURCES (USES)				
Transfers out	(174,742)	-	(159,915)	(159,915)
Total other financing sources (uses)	(174,742)	-	(159,915)	(159,915)
NET CHANGE IN FUND BALANCE	18,892	18,892	70,171	51,279
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ 18,892	$ 18,892	$ 70,171	$ 51,279

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARKS CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 600	$ 600	$ 1,766	$ 1,166
Miscellaneous	10,000	10,000	134,400	124,400
Total revenues	10,600	10,600	136,166	125,566
EXPENDITURES				
Current:				
Parks and recreation	20,000	11,500	8,782	2,718
Capital outlay	10,000	18,500	14,630	3,870
Total expenditures	30,000	30,000	23,412	6,588
NET CHANGE IN FUND BALANCE	(19,400)	(19,400)	112,754	132,154
FUND BALANCE - BEGINNING	215,397	215,397	215,397	-
FUND BALANCE - ENDING	$ 195,997	$ 195,997	$ 328,151	$ 132,154

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STREET IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 51,100	$ 51,100	$ 185,709	$ 134,609
Miscellaneous	-	-	927	927
Total revenues	51,100	51,100	186,636	135,536
EXPENDITURES				
Debt service:				
Interest and other	50,000	50,000	-	50,000
Capital outlay	4,529,689	12,485,620	2,973,229	9,512,391
Total expenditures	4,579,689	12,535,620	2,973,229	9,562,391
Excess of revenues over expenditures	(4,528,589)	(12,484,520)	(2,786,593)	9,697,927
OTHER FINANCING SOURCES (USES)				
Transfers in	879,431	879,431	864,604	(14,827)
Total other financing sources (uses)	879,431	879,431	864,604	(14,827)
NET CHANGE IN FUND BALANCE	(3,649,158)	(11,605,089)	(1,921,989)	9,683,100
FUND BALANCE - BEGINNING	9,793,446	9,793,446	9,793,446	-
FUND BALANCE - ENDING	$ 6,144,288	$(1,811,643)	$ 7,871,457	$ 9,683,100

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC FACILITIES CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 300,000	$ 300,000	$ 300,000	$ -
Investment earnings	-	-	67,916	67,916
Total revenues	300,000	300,000	367,916	67,916
EXPENDITURES				
Current:				
General government	-	6,950	6,961	(11)
Capital outlay	2,042,000	3,163,738	541,761	2,621,977
Total expenditures	2,042,000	3,170,688	548,722	2,621,966
Excess of revenues over expenditures	(1,742,000)	(2,870,688)	(180,806)	2,689,882
OTHER FINANCING SOURCES (USES)				
Transfers in	1,892,000	1,892,000	1,892,000	-
Transfers out	-	(106,830)	(106,830)	-
Total other financing sources (uses)	1,892,000	1,785,170	1,785,170	-
NET CHANGE IN FUND BALANCE	150,000	(1,085,518)	1,604,364	2,689,882
FUND BALANCE - BEGINNING	4,158,242	4,158,242	4,158,242	-
FUND BALANCE - ENDING	$ 4,308,242	$ 3,072,724	$ 5,762,606	$ 2,689,882

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIRE STATION BOND PROJECT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 5,000	$ 5,000	$ 19,389	$ 14,389
Miscellaneous	-	-	269	269
Total revenues	5,000	5,000	19,658	14,658
EXPENDITURES				
Capital outlay	4,055,990	2,315,633	1,848,842	466,791
Total expenditures	4,055,990	2,315,633	1,848,842	466,791
NET CHANGE IN FUND BALANCE	(4,050,990)	(2,310,633)	(1,829,184)	481,449
FUND BALANCE - BEGINNING	2,487,415	2,487,415	2,487,415	-
FUND BALANCE - ENDING	$(1,563,575)	$ 176,782	$ 658,231	$ 481,449

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARK IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 21,164	$ 21,164
Miscellaneous	-	-	70	70
Total revenues	-	-	21,234	21,234
EXPENDITURES				
Capital outlay	-	1,207,858	544,119	663,739
Total expenditures	-	1,207,858	544,119	663,739
Excess of revenues over expenditures	-	(1,207,858)	(522,885)	684,973
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	106,830	106,830
Total other financing sources (uses)	-	-	106,830	106,830
NET CHANGE IN FUND BALANCE	-	(1,207,858)	(416,055)	791,803
FUND BALANCE - BEGINNING	1,660,537	1,660,537	1,660,537	-
FUND BALANCE - ENDING	$ 1,660,537	$ 452,679	$ 1,244,482	$ 791,803

AGENCY FUND

CITY OF DESOTO, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
Southwest Regional Communications Center				
ASSETS				
Cash and cash equivalents	$ 1,290,852	$ 4,032,446	$ 3,958,806	$ 1,364,492
Total assets	$ 1,290,852	$ 4,032,446	$ 3,958,806	$ 1,364,492
LIABILITIES				
Due to Southwest Regional Communications Center	$ 1,290,852	$ 4,032,446	$ 3,958,806	$ 1,364,492
Total liabilities	$ 1,290,852	$ 4,032,446	$ 3,958,806	$ 1,364,492

DISCRETELY PRESENTED COMPONENT UNITS
FUND FINANCIAL STATAMENTS

CITY OF DESOTO, TEXAS

BALANCE SHEETS - DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2020

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation
ASSETS		
Cash and investments	$ 757,499	$ 3,989,423
Taxes receivable	165,837	497,511
Notes receivable	-	25,987
Total assets	923,336	4,512,921
LIABILITIES		
Accounts payable	-	1,934
Security deposits	-	16,088
Total liabilities	-	18,022
FUND BALANCES		
Restricted for:		
Park and park facilities projects	923,336	-
Economic development	-	4,494,899
Total fund balances	923,336	4,494,899
Total liabilities and fund balances	$ 923,336	$ 4,512,921

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Total Fund Balances - Component Unit	$ 923,336	$ 4,494,899
Amounts reported for the component unit in the statement of net position are different because:		
Capital assets are used in the component unit are not current financial resources and therefore are not reported in this fund financial statement. These consist of:		
Land	11,250	-
Improvements other than buildings (net of accumulated depreciation)	1,664,756	-
Some debt related deferred outflows of resources and liabilities do not represent current resources or are not due and payable in the current period and are not included in the fund financial statements. These balances consist of:		
Deferred charges on refunding	-	4,933
Accrued interest	(1,406)	(1,919)
Long-term debt	(645,000)	(1,317,199)
Net Position of Component Unit	$ 1,952,936	$ 3,180,714

CITY OF DESOTO, TEXAS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation
REVENUES		
Sales tax	$ 971,489	$ 2,914,466
Investment earnings	4,297	22,645
Rent Revenue	-	299,144
Miscellaneous revenue	-	489
Total revenues	975,786	3,236,744
EXPENDITURES		
Current:		
Parks and leisure services	474,068	-
Economic development	-	1,935,938
Debt service:		
Principal	300,000	245,000
Interest and other charges	39,625	59,725
Total expenditures	813,693	2,240,663
Excess (deficiency) of revenues over expenditures	162,093	996,081
FUND BALANCE - BEGINNING	761,243	3,498,818
FUND BALANCE - ENDING	$ 923,336	$ 4,494,899

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Component Unit	$ 162,093	$ 996,081
Amounts reported for the component unit in the statement of activities are different because:		
The component unit reports outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation in the current period.	(66,515)	-
The component unit reports bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. The component unit fund reports repayment of bond principal as an expenditures. In contrast, the Statement of Net Position shows this as a reduction of long-term liabilities.		
Repayment of principal on long-term debt	300,000	245,000
Amortization of premium on debt	-	3,717
Amortization of deferred loss on refunding	-	(1,645)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Compensated absences	-	(9,825)
Accrued interest	7,237	13,012
Changes in Net Position of Component Units	$ 402,815	$ 1,246,340

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STATISTICAL SECTION

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STATISTICAL SECTION
(Unaudited)

This part of the City of DeSoto's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents Pages

Financial Trends 86 – 96

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 97 – 101

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 102 – 108

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 109 - 113

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 114 - 117

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DESOTO, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	$ 83,839,278	$ 85,553,558	$ 80,552,505	$ 79,821,001
Restricted	2,629,370	2,762,778	5,011,347	6,171,884
Unrestricted	9,708,413	9,830,512	8,889,050	11,361,795
Total governmental activities net position	$ 96,177,061	$ 98,146,848	$ 94,452,902	$ 97,354,680
Business-type activities				
Net investment in capital assets	$ 46,444,456	$ 57,708,884	$ 55,777,822	$ 53,034,176
Unrestricted	21,617,015	10,933,100	13,095,617	14,439,474
Total business-type activities net position	$ 68,061,471	$ 68,641,984	$ 68,873,439	$ 67,473,650
Primary government				
Net investment in capital assets	$ 130,283,734	$ 143,262,442	$ 136,330,327	$ 132,855,177
Restricted	2,629,370	2,762,778	5,011,347	6,171,884
Unrestricted	31,325,428	20,763,612	21,984,667	25,801,269
Total primary government net position	$ 164,238,532	$ 166,788,832	$ 163,326,341	$ 164,828,330

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 75,008,168	$ 75,388,877	$ 75,324,298	$ 80,033,283	$ 99,237,824	$ 103,973,012
6,848,661	7,145,838	7,114,045	7,593,680	7,872,714	8,541,615
21,092,761	24,359,405	28,502,199	27,706,164	15,348,727	18,860,369
$ 102,949,590	$ 106,894,120	$ 110,940,542	$ 115,333,127	$ 122,459,265	$ 131,374,996
$ 52,019,447	$ 52,278,918	$ 48,359,679	$ 48,169,097	$ 48,890,037	$ 50,092,001
15,159,256	14,882,299	18,440,994	19,377,215	18,250,922	18,730,823
$ 67,178,703	$ 67,161,217	$ 66,800,673	$ 67,546,312	$ 67,140,959	$ 68,822,824
$ 127,099,615	$ 127,667,795	$ 123,683,977	$ 128,202,380	$ 148,127,861	$ 154,065,013
6,848,661	7,145,838	7,114,045	7,593,680	7,872,714	8,541,615
36,252,017	39,241,704	46,943,193	47,083,379	33,599,649	37,591,192
$ 170,200,293	$ 174,055,337	$ 177,741,215	$ 182,879,439	$ 189,600,224	$ 200,197,820

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	$ 5,217,799	$ 4,562,337	$ 4,054,193	$ 3,689,262
Public safety	17,578,307	17,491,146	17,789,694	18,322,046
Development services	7,788,666	7,312,154	8,878,903	9,201,069
Financial services	855,547	926,892	492,164	397,475
Municipal court	-	-	456,592	541,705
Information technology	294,197	280,360	306,289	428,672
Human resources	139,935	197,978	246,211	290,303
Parks and recreation services	3,584,536	3,844,791	3,899,590	3,683,337
Library services	896,501	890,239	892,249	919,596
Interest and other fees	3,423,048	3,391,573	2,634,793	2,453,548
Total governmental activities expenses	39,778,536	38,897,470	39,650,678	39,927,013
Business-type activities:				
Water and wastewater	13,452,042	14,097,518	14,061,689	15,982,382
Drainage	1,282,892	1,427,820	1,970,730	1,594,527
Sanitation	2,957,452	3,246,026	3,695,159	3,795,723
Total business-type activities expenses	17,692,386	18,771,364	19,727,578	21,372,632
Total primary government expenses	$ 57,470,922	$ 57,668,834	$ 59,378,256	$ 61,299,645
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 226,158	$ 365,815	$ 618,605	$ 332,066
Public safety	2,459,939	2,865,010	3,024,624	4,225,010
Development services	795,377	823,229	871,691	1,260,957
Financial services	864,197	813,009	768,546	-
Municipal Court	-	-	-	-
Information technology	64,841	62,601	63,068	-
Parks and recreation services	-	-	-	749,215
Library services	-	-	-	59,149
Operating grants and contributions	926,017	1,254,754	1,040,029	964,431
Capital grants and contributions	402,804	2,450,162	376,468	1,787
Total governmental activities program revenues	5,739,333	8,634,580	6,763,031	7,592,615
Business-type activities:				
Charges for services:				
Water and wastewater	16,680,611	16,138,436	16,532,417	16,583,747
Drainage	1,472,674	1,458,904	1,488,332	1,483,893
Sanitation	3,244,899	3,428,857	3,848,776	3,954,851
Capital grants and contributions	158,865	15,000	137,750	-
Total business-type activities program revenues	21,557,049	21,041,197	22,007,275	22,022,491
Total primary government program revenues	$ 27,296,382	$ 29,675,777	$ 28,770,306	$ 29,615,106

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 4,472,030	$ 6,116,384	$ 3,683,213	$ 5,049,294	$ 4,048,074	$ 4,525,262
15,633,862	19,523,630	20,858,244	19,970,864	21,051,755	22,029,242
8,860,259	9,599,031	9,785,883	10,626,406	9,707,942	10,465,668
215,738	461,984	547,209	553,589	1,292,733	1,013,731
496,540	574,850	664,332	654,228	778,528	719,132
521,186	767,304	1,032,524	1,183,645	1,677,972	1,667,007
253,336	390,706	420,891	543,970	698,423	738,480
3,623,576	3,994,107	4,402,453	4,374,426	4,717,832	4,483,537
776,904	1,017,369	1,055,252	1,046,804	1,348,581	1,306,404
2,807,023	2,352,141	3,138,147	1,797,897	1,805,323	1,600,395
37,660,454	44,797,506	45,588,148	45,801,123	47,127,163	48,548,858
16,049,932	17,589,431	19,002,233	19,439,621	22,201,294	20,549,788
1,155,389	1,232,946	1,220,638	1,187,471	1,269,645	1,262,423
3,843,039	4,035,409	4,316,881	4,522,062	4,810,022	5,460,931
21,048,360	22,857,786	24,539,752	25,149,154	28,280,961	27,273,142
$ 58,708,814	$ 67,655,292	$ 70,127,900	$ 70,950,277	$ 75,408,124	$ 75,822,000
$ 452,770	$ 466,958	$ 459,447	$ 454,807	$ 685,093	$ 529,347
4,564,521	4,193,774	4,053,992	3,942,371	4,304,001	3,931,717
1,319,083	1,268,385	1,407,041	1,395,670	1,090,269	1,496,317
-	-	-	-	-	-
-	-	-	-	-	167,278
-	-	-	-	-	-
750,124	721,131	698,496	740,252	885,912	619,574
44,048	39,301	36,963	36,095	34,615	20,369
1,228,969	1,084,583	1,148,587	1,009,861	1,260,717	2,047,972
1,787	250,000	250,000	150,000	-	-
8,361,302	8,024,132	8,054,526	7,729,056	8,260,607	8,812,574
17,849,524	19,286,512	20,322,951	21,971,318	23,591,911	24,360,415
1,501,251	1,530,199	1,545,804	1,552,846	1,563,225	1,563,672
4,003,031	4,111,474	4,259,301	4,345,350	4,397,161	4,663,367
-	-	-	-	-	-
23,353,806	24,928,185	26,128,056	27,869,514	29,552,297	30,587,454
$ 31,715,108	$ 32,952,317	$ 34,182,582	$ 35,598,570	$ 37,812,904	$ 39,400,028

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2011	2012	2013	2014
Program Revenues				
Net (expense) revenue:				
Governmental activities	$(34,039,203)	$(30,262,890)	$(32,887,647)	$(32,334,398)
Business-type activities	3,864,663	2,269,833	2,279,697	649,859
Total primary government net (expense) revenue	$(30,174,540)	$(27,993,057)	$(30,607,950)	$(31,684,539)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	$ 21,392,377	$ 20,673,781	$ 21,165,572	$ 21,730,242
Sales taxes	5,409,524	5,929,029	6,089,949	6,548,886
Franchise and other taxes	2,998,791	2,835,277	2,846,979	3,024,987
Hotel occupancy	634,074	734,528	755,819	790,657
Unrestricted investment earnings	83,020	70,204	74,177	61,157
Miscellaneous	262,238	254,756	207,602	956,711
Transfers	1,651,170	1,735,102	1,836,131	2,123,536
Total governmental activities	32,431,194	32,232,677	32,976,229	35,236,176
Business-type activities:				
Interest and investment earnings	28,799	45,782	68,425	73,888
Miscellaneous	-	-	-	-
Transfers	(1,651,170)	(1,735,102)	(1,836,131)	(2,123,536)
Total business-type activities	(1,622,371)	(1,689,320)	(1,767,706)	(2,049,648)
Total primary government	30,808,823	30,543,357	31,208,523	33,186,528
Change in Net Position				
Governmental activities	(1,608,009)	1,969,787	88,582	2,901,778
Business-type activities	2,242,292	580,513	511,991	(1,399,789)
Total primary government	$ 634,283	$ 2,550,300	$ 600,573	$ 1,501,989

Source: City financial statements

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
$(29,299,152)	$(36,773,374)	$(37,533,622)	$(38,072,067)	$(38,866,556)	$(39,736,284)
2,305,446	2,070,399	1,588,304	2,720,360	1,271,336	3,314,312
$(26,993,706)	$(34,702,975)	$(35,945,318)	$(35,351,707)	$ 37,595,220	$(36,421,972)
$ 22,332,142	$ 24,570,117	$ 25,082,533	$ 27,172,987	$ 29,506,876	$ 31,596,309
8,865,087	8,838,202	7,628,513	8,293,142	8,474,803	9,614,011
3,177,165	3,067,237	3,017,636	3,230,330	3,063,055	2,762,423
840,967	959,888	903,183	1,057,307	1,041,614	944,971
120,644	192,921	302,375	647,466	950,107	1,023,121
794,451	822,302	2,521,996	713,774	832,431	586,382
2,266,818	2,267,237	2,123,808	2,123,808	2,123,808	2,124,808
38,397,274	40,717,904	41,580,044	43,238,814	45,993,694	48,652,025
99,713	107,352	111,460	207,387	447,119	492,361
-	-	63,500	-	-	-
(2,266,818)	(2,267,237)	(2,123,808)	(2,123,808)	(2,123,808)	(2,124,808)
(2,167,105)	(2,159,885)	(1,948,848)	(1,916,421)	(1,676,689)	(1,632,447)
36,230,169	38,558,019	39,631,196	41,322,393	44,316,005	47,019,578
9,098,122	3,944,530	4,046,422	5,166,747	7,126,138	8,915,741
138,341	(89,486)	(360,544)	803,939	(405,353)	1,681,865
$ 9,236,463	$ 3,855,044	$ 3,685,878	$ 5,970,686	$ 6,720,785	$ 10,597,606

CITY OF DESOTO, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2011	2012	2013	2014
General fund:				
Nonspendable:				
Inventories	$ 39,331	$ 52,881	$ 45,363	$ 42,754
Prepaids	-	-	-	-
Assigned:				
Future healthcare costs	-	-	-	-
Subsequent year's budget	528,025	557,178	-	-
Unassigned	7,967,759	8,684,056	10,590,898	13,395,310
Total General Fund	8,535,115	9,294,115	10,636,261	13,438,064
All Other Governmental Funds:				
Nonspendable				
Note Receivable	212,025	161,673	109,005	57,003
Restricted:				
Debt Service	1,450,009	1,603,729	1,655,137	2,532,070
Street Improvements	9,080,205	7,480,942	5,684,787	2,592,811
Public safety	679,910	728,475	696,371	922,879
Economic Development	558,547	552,351	800,580	1,034,694
Culture and Recreation	617	-	-	-
Capital projects	1,327,888	35,248	35,248	-
Committed:				
Public Health	18,323	18,352	18,355	18,370
Development activities	150,081	152,029	277,947	258,979
Assigned:				
Street Improvements	1,387,953	826,931	115,737	-
Capital projects	-	729,681	528,404	246,994
Total Other Governmental Funds	14,865,558	12,289,411	9,921,571	7,663,800
Total Fund Balances of Governmental Funds	$ 23,400,673	$ 21,583,526	$ 20,557,832	$ 21,101,864

Source: Balance Sheets - Governmental Funds in City's CAFRs.

2015	2016	2017	2018	2019	2020
$ 42,754	$ 32,561	$ 39,087	$ 48,487	$ 55,378	$ 54,518
-	-	1,000	-	-	-
-	-	-	440,000	440,000	440,000
-	-	-	-	-	1,170,690
18,868,052	20,923,754	23,655,407	24,369,385	27,904,582	31,574,216
18,910,806	20,956,315	23,695,494	24,857,872	28,399,960	33,239,424
-	438	-	-	-	-
2,829,319	3,194,715	3,641,392	4,031,605	4,591,081	4,737,443
3,971,537	4,161,565	7,540,075	7,042,971	7,805,773	4,860,992
1,275,472	1,038,550	1,040,401	1,194,604	771,743	905,589
1,339,552	1,628,378	1,426,591	1,526,246	2,022,673	2,415,719
-	-	-	-	-	-
-	-	-	-	4,513,258	2,336,363
18,387	18,435	20,076	20,292	2,617	20,745
240,997	226,523	212,297	193,404	169,762	240,591
-	-	-	-	1,987,673	3,010,465
3,860,287	5,867,799	8,799,902	-	6,031,101	8,204,077
13,535,551	16,136,403	22,680,734	14,009,122	27,913,681	26,731,984
$ 32,446,357	$ 37,092,718	$ 46,376,228	$ 38,866,994	$ 56,313,641	$ 59,971,408

CITY OF DESOTO, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2011	2012	2013	2014
Revenues				
Taxes				
Property taxes	$ 20,719,051	$ 20,753,144	$ 21,147,434	$ 21,709,933
Sales taxes	5,860,318	6,423,115	6,089,949	6,548,886
Franchise fees and others	2,998,792	2,692,496	2,877,716	3,024,987
Hotel occupancy	597,292	704,045	725,382	790,657
Fines and forfeitures	1,054,477	958,534	998,412	1,520,772
Licenses and permits	795,377	823,229	871,691	1,248,422
Intergovernmental	1,278,510	2,072,020	1,867,758	2,261,079
Charges for services	1,696,669	1,921,012	2,189,271	2,283,407
Investment earnings	83,020	70,204	74,177	61,157
Recreation services	820,760	796,815	748,099	731,655
Miscellaneous	257,910	156,764	291,392	781,805
Total Revenues	36,162,176	37,371,378	37,881,281	40,962,760
Expenditures				
Current:				
General government	2,622,418	2,631,101	2,120,838	1,260,101
Public safety	16,981,677	16,591,396	16,917,596	16,493,144
Development services	3,340,924	3,042,163	3,103,786	6,077,682
Financial services	727,046	762,721	833,766	330,271
Municipal court	-	-	-	525,049
Information technology	293,953	274,064	290,045	402,041
Human resources	140,181	197,010	247,092	288,934
Parks and recreation	3,186,277	3,222,956	3,077,070	2,882,472
Library services	879,457	869,133	875,161	896,324
Non-departmental	1,288,744	1,386,474	1,423,854	3,084,050
Debt service:				
Principal	4,641,948	4,989,020	5,602,787	4,630,076
Interest and fiscal charges	3,602,843	3,692,322	2,915,788	2,643,073
Capital outlay	3,755,708	3,524,766	3,386,111	3,140,232
Total Expenditures	41,461,176	41,183,126	40,793,894	42,653,449
Excess of revenues over (under) expenditures	(5,299,000)	(3,811,748)	(2,912,613)	(1,690,689)
Other Financing Sources (Uses)				
Issuance long-term debt	3,314,406	18,040,000	10,375,000	75,000
Premium from bond issuance	-	-	-	-
Other sources	189,967	3,220,773	733,159	36,185
Payment to refund escrow agent	(1,338,613)	(21,001,274)	(11,161,123)	-
Transfer in	2,981,635	3,314,660	4,077,117	3,665,104
Transfer out	(1,330,465)	(1,579,558)	(2,240,986)	(1,541,568)
Net other financing sources (uses)	3,816,930	1,994,601	1,783,167	2,234,721
Net change in fund balances	$(1,482,070)	$(1,817,147)	$(1,129,446)	$ 544,032
Debt service as a percentage of noncapital expenditures	21.9%	23.1%	22.8%	19.2%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

2015	2016	2017	2018	2019	2020
$ 22,519,005	$ 23,525,948	$ 25,139,231	$ 27,117,831	$ 29,846,532	$ 31,827,759
7,721,468	7,434,323	7,671,052	8,334,059	8,474,803	9,614,011
3,138,343	3,023,812	2,975,097	3,189,413	3,063,055	2,762,423
840,967	959,888	903,183	1,057,307	985,335	894,320
1,651,605	1,425,402	1,381,768	1,516,509	1,299,390	1,097,047
1,301,283	1,280,155	1,407,041	1,395,670	1,090,269	1,496,317
2,395,890	2,966,622	3,592,705	2,598,124	3,007,592	3,543,522
2,621,251	2,330,713	2,482,584	2,116,107	2,478,087	2,386,381
120,644	192,921	302,375	647,466	950,107	1,023,121
731,396	704,626	683,748	723,686	675,259	308,308
327,420	407,518	554,115	577,728	460,056	586,382
43,369,272	44,251,928	47,092,899	49,273,900	52,330,485	55,539,591
1,234,143	1,495,396	1,462,675	1,609,394	3,561,331	4,075,592
16,873,317	17,471,592	18,371,592	18,281,537	18,972,443	20,168,011
4,935,865	4,768,473	4,984,007	4,807,031	4,768,678	5,322,335
330,494	394,729	455,303	508,146	1,219,243	968,037
584,523	553,850	630,332	640,028	716,724	692,443
474,937	621,493	878,203	1,053,838	1,517,262	1,511,155
329,166	373,022	392,306	533,957	667,485	715,869
3,130,647	3,205,034	3,463,275	3,490,816	3,701,599	3,449,045
886,474	1,086,062	1,112,442	1,128,874	1,269,195	1,246,043
2,922,910	2,473,767	2,533,268	3,887,533	-	-
4,866,302	5,117,121	12,803,125	5,644,653	5,465,847	5,366,709
2,587,579	2,748,066	2,526,036	2,337,157	2,231,028	2,209,350
2,353,421	4,910,606	5,982,739	7,370,715	9,663,995	8,367,123
41,509,778	45,219,211	55,595,303	51,293,679	53,754,830	54,091,712
1,859,494	(967,283)	(8,502,404)	(2,019,779)	(1,424,345)	1,447,879
6,718,947	10,023,977	21,583,025	-	8,395,000	-
-	-	-	-	618,138	-
500,739	62,847	1,054,486	46,300	74,483	85,080
-	(6,742,097)	(6,975,233)	-	-	-
2,982,684	4,503,599	5,131,533	4,842,955	6,339,150	6,314,431
(715,866)	(2,236,362)	(3,007,725)	(2,719,147)	(4,215,342)	(4,189,623)
9,486,504	5,611,964	17,786,086	2,123,808	11,211,429	2,209,888
$ 11,345,998	$ 4,644,681	$ 9,283,682	$ 2,123,808	$ 9,787,084	$ 3,657,767
18.7%	18.5%	30.9%	18.2%	17.5%	16.6%

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CITY OF DESOTO, TEXAS **TABLE 5**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

	Real Property			
Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax rate
2011	$ 2,384,201,534	$ 426,128,357	$ 2,810,329,891	0.7351
2012	2,365,056,165	430,430,576	2,795,486,741	0.7574
2013	2,313,596,055	466,342,520	2,779,938,575	0.7574
2014	2,402,889,269	474,468,022	2,877,357,291	0.7574
2015	2,510,330,406	507,665,624	3,017,996,030	0.7574
2016	2,682,537,966	447,907,641	3,130,445,607	0.7499
2017	2,998,752,687	535,052,182	3,533,804,869	0.7449
2018	3,315,801,528	568,601,030	3,884,402,558	0.7399
2019	3,653,591,267	403,677,718	4,057,268,985	0.7214
2020	3,946,379,867	751,698,250	4,698,078,117	0.7016

The estimated actual taxable value equals the total taxable assessed value.
All properties are assessed at 100% of actual taxable value.

Source: Dallas County Tax Office

CITY OF DESOTO, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 ASSESSED VALUE)
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Debt Service Fund	Total	Dallas County & School Equalization	Dallas Parkland Hospital	Dallas County Comm. College
2011	0.50492	0.23020	0.73512	0.25310	0.27100	0.09923
2012	0.50490	0.25250	0.75740	0.25310	0.27100	0.09967
2013	0.51990	0.23750	0.75740	0.25300	0.27100	0.11938
2014	0.53030	0.22710	0.75740	0.25310	0.27600	0.12470
2015	0.53030	0.22710	0.75740	0.25310	0.27600	0.12478
2016	0.52490	0.22500	0.74990	0.25310	0.27600	0.12365
2017	0.53490	0.21000	0.74490	0.25240	0.27900	0.12293
2018	0.54000	0.19990	0.73990	0.25310	0.27900	0.12424
2019	0.55000	0.17139	0.72139	0.25310	0.26950	0.12400
2020	0.55016	0.15139	0.70155	0.24974	0.26661	0.12400

Note: Tax rate is at 100% of market value.

TABLE 6

Total City, County, Hospital and College	DeSoto I.S.D.	Total City, County, Hospital, College and DeSoto I.S.D.	Dallas I.S.D.	Total City, County, Hospital, College and Dallas I.S.D.	Duncanville I.S.D.	Total City, County, Hospital, College and Duncanville I.S.D.
1.35845	1.49000	2.84845	1.23781	2.59626	1.41800	2.77645
1.38117	1.44000	2.82117	1.29035	2.67152	1.41800	2.79917
1.40078	1.44000	2.84078	1.29035	2.69112	1.43000	2.83078
1.41120	1.49000	2.90120	1.28209	2.69329	1.41000	2.82120
1.41128	1.47000	2.88128	1.28209	2.69336	1.41000	2.82128
1.40265	1.46000	2.86265	1.28209	2.68474	1.52950	2.93215
1.39923	1.46000	2.85923	1.28209	2.68132	1.52150	2.92073
1.39624	1.49000	2.88624	1.28209	2.67832	1.52150	2.91774
1.36799	1.52800	2.89599	1.31000	2.67799	1.41800	2.78599
1.34190	1.52909	2.87099	1.29674	2.63864	1.36760	2.70950

CITY OF DESOTO, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2011	$ 20,692,471	$ 20,324,347	98.22%	$ 333,782
2012	21,182,362	20,705,884	97.75%	432,649
2013	21,069,288	20,922,192	99.30%	80,145
2014	21,808,320	21,470,787	98.45%	262,330
2015	22,604,400	22,311,366	98.70%	189,317
2016	24,105,582	23,827,722	98.85%	145,564
2017	26,041,869	25,775,037	98.98%	73,777
2018	28,054,990	27,759,374	98.95%	212,400
2019	32,973,522	30,316,827	91.94%	231,885
2020	33,759,923	32,945,456	97.59%	-

Source: City of DeSoto Joint Tax Office and Dallas County Tax Office
*** Includes Year to Date Adjustments to the Levy by the Tax Office**

Total Collections to Date			
Amount	% of Levy	Amount Outstanding	
$ 20,658,129	99.83%	$	34,342
21,138,533	99.79%		43,829
21,002,337	99.68%		66,951
21,733,117	99.66%		75,203
22,500,683	99.54%		103,717
23,973,286	99.45%		132,296
25,848,814	99.26%		193,055
27,971,774	99.70%		83,216
30,548,712	92.65%		2,424,810
32,945,456	97.59%		814,467

CITY OF DESOTO, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

	2020				
Taxpayer	Taxable Assessed Valuation (1)	Type of Business	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
Solar Turbines	$ 252,093,960	Manufacturing	1	5.37%	30.46%
Kohls Department Store	129,752,110	Manufacturing	2	2.76%	15.68%
Kohler Co	119,319,450	Manufacturing	3	2.54%	14.42%
Lowes Home Centers LLC	81,830,630	Retail	4	1.74%	9.89%
Harvest A Southfield 35 LLC	53,308,720	Manufacturing	5	1.13%	6.44%
WRH Properties Inc	52,334,740	Apartments	6	1.11%	6.32%
HLIT II CTC 3 LP	42,121,700	Manufacturing	7	0.90%	5.09%
DeSoto Apartments Ltd	33,840,000	Apartments	8	0.72%	4.09%
Walmart Stores Inc	32,246,720	Retail	9	0.69%	3.90%
Oncor Electric Delivery Co	30,828,260	Public Utility	10	0.66%	3.72%
McGraw Hill Education	-	Manufacturing		-	-
Cintas Corporation 2	-	Retail/Uniforms		-	-
DeSoto Ridge Apartments	-	Apartments		-	-
Shaw Feddern LP	-	Senior Living		-	-
MaClay Carlin DeSoto LTD	-	Shopping Center		-	-
WRH Mt Vernon Inc	-	Manufacturing		-	-
Total	$ 827,676,290			17.62%	100.0%

Source: (1) Dallas County Appraisal District

2011

Taxable Assessed Valuation (1)	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
$ 140,989,040	1	5.02%	37.85%
-	-	0.00%	0.00%
-	-	0.00%	0.00%
-	-	0.00%	0.00%
-	-	0.00%	0.00%
-	-	0.00%	0.00%
-	-	0.00%	0.00%
15,975,000	6	0.57%	4.29%
34,003,270	3	1.21%	9.13%
23,301,470	4	0.83%	6.26%
83,008,530	2	2.95%	22.29%
19,285,510	5	0.69%	5.18%
14,212,730	7	0.51%	3.82%
14,180,430	8	0.50%	3.81%
13,973,220	9	0.50%	3.75%
13,526,680	10	0.48%	3.62%
$ 372,455,880		13.26%	100.00%

CITY OF DESOTO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities	
Fiscal Year	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Capital Lease Obligations	General Obligation Bonds	Certificates of Obligation
2011	$ 55,373,650	$ 21,995,000	$ 892,040	$ 518,768	$ 1,326,351	$ 15,680,000
2012	54,005,759	15,865,000	678,926	410,089	708,576	14,985,000
2013	53,121,252	14,927,710	459,346	308,020	3,762,502	15,363,753
2014	45,570,481	14,180,000	233,105	336,990	2,944,519	14,550,000
2015	44,332,817	15,535,000	-	770,403	2,847,183	13,870,000
2016	45,500,391	13,730,000	-	636,436	2,814,609	12,565,000
2017	55,299,716	9,172,713	-	1,539,718	5,432,098	10,467,913
2018	50,472,563	8,090,138	-	1,321,865	5,076,488	9,731,805
2019	50,196,463	11,655,000	-	1,097,474	5,071,116	13,910,000
2020	44,831,002	11,310,000	-	925,765	4,482,078	13,190,000

Source: Personal income and population data can be found in demographic and economic statistics table.

	Total Primary Government	Percentage of Personal Income	Per Capita
$	95,785,809	6.39%	1,953
	86,653,350	5.80%	1,767
	87,942,583	5.65%	1,721
	77,815,095	4.96%	1,511
	77,355,403	4.89%	1,489
	75,246,436	4.70%	1,431
	81,912,158	5.06%	1,542
	74,692,859	4.58%	1,394
	81,930,053	4.90%	1,457
	74,738,845	4.33%	1,263

CITY OF DESOTO, TEXAS **TABLE 10**

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Total Bonded Debt (1)	Less Debt Services Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2011	49,047	$ 2,810,329,891	$ 94,375,001	$ 1,450,009	$ 92,924,992	3.31%	1,895
2012	49,047	2,795,486,741	85,564,335	1,603,730	83,960,605	3.00%	1,712
2013	51,102	2,779,938,575	87,175,217	1,655,136	85,520,081	3.08%	1,674
2014	51,483	2877357291	77,245,000	2,532,070	74,712,930	2.60%	1,451
2015	51,934	3,017,996,030	76,585,000	2,820,786	73,764,214	2.44%	1,420
2016	52,586	3,130,445,607	74,610,000	3,194,715	71,415,285	2.28%	1,358
2017	53,128	3,533,804,869	80,372,440	3,641,392	76,731,048	2.17%	1,444
2018	53,568	3,884,402,558	73,370,994	4,031,605	69,339,389	1.79%	1,294
2019	56,224	4,057,268,985	80,832,579	4,581,544	76,251,035	1.88%	1,356
2020	59,159	4,698,078,117	73,813,080	4,737,443	69,075,637	1.47%	1,168

(1) Includes all long-term certificates of obligation and general obligation debt.

CITY OF DESOTO, TEXAS **TABLE 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2020

Taxing Jurisdiction	Total Tax Supported Debt (1)	Overlapping Percent Applicable	Overlapping Amount
Overlapping Debt			
DeSoto Independent School District	$ 131,075,692	82.79%	$ 108,517,565
Dallas County	130,445,000	1.62%	2,113,209
Dallas County Schools	27,204,352	1.62%	440,711
Dallas Independent School District	3,386,120,000	0.84%	28,443,408
Dallas County Community College District	165,470,000	1.62%	2,680,614
Dallas County Hospital District	622,000,000	1.62%	10,076,400
Duncanville Independent School District	197,615,000	6.39%	12,627,599
Total Overlapping Debt			164,899,505
City Direct Debt (Governmental Activities)	57,066,767	100.00%	57,066,767
Total Direct and Overlapping Debt			$ 221,966,272
Population			59,159
Ratio of direct and overlapping bonded debt to taxable assessed value			5.32%
Per Capita Debt-Direct and Overlapping Debt			$ 3,752

Source - First Southwest Company
(1) Includes general obligation bonds and certificates of obligation.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Texas City, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

CITY OF DESOTO, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN
(UNAUDITED)

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Total Assessed Value	$ 4,698,078,117	$ 4,057,268,985	$ 3,884,402,558	$ 3,533,804,869
Debt limit - (10%) of total assessed value	469,807,812	405,726,899	388,440,256	353,380,487
Amount of debt applicable to debt limit:				
Total bonded debt (including special assessment bonds)	74,738,845	80,832,579	73,370,994	80,372,440
Less: assets in debt service funds available for payment of principal	4,737,443	4,581,544	4,031,605	3,641,392
Total amount of debt applicable to debt limit	70,001,402	76,251,035	69,339,389	76,731,048
Legal Debt Margin	$ 399,806,410	$ 329,475,864	$ 319,100,867	$ 276,649,439
Ratio of outstanding net debt to the debt limit	15%	19%	18%	22%

Note: City's Debt Management Policy, Version 4, Section 9.0, adopted by the City Council April 7, 2015.
"The total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten (10) percent of the total assessed valuation of the City's tax rolls."

TABLE 12

2016	2015	2014	2013	2012	2011
$ 3,130,445,607	$ 3,017,996,030	$ 2,877,357,291	$ 2,779,938,575	$ 2,795,486,741	$ 2,810,329,891
313,044,561	301,799,603	287,735,729	277,993,858	279,548,674	281,032,989
74,610,000	76,585,000	77,245,000	87,175,217	85,564,335	94,375,001
3,194,715	2,820,786	2,532,070	1,655,136	1,603,730	1,450,009
71,415,285	73,764,214	74,712,930	85,520,081	83,960,605	92,924,992
$ 241,629,276	$ 228,035,389	$ 213,022,799	$ 192,473,777	$ 195,588,069	$ 188,107,997
23%	24%	26%	31%	30%	33%

CITY OF DESOTO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)

Last Ten Fiscal Years

Fiscal Year	Population	Estimated Median Family Household Income (1)	Personal Income* (2)	Per Capita Personal Income*	Median Age
2011	49,047	$ 78,020	$ 1,499,806	$ 31	38.2
2012	49,047	58,711	1,494,805	30	38.2
2013	51,102	59,003	1,557,436	30	37.8
2014	51,483	60,945	1,569,047	30	36.1
2015	51,934	56,911	1,582,793	30	36.1
2016	52,586	60,945	1,599,616	30	36.1
2017	53,128	66,860	1,619,182	30	37
2018	53,568	64,575	1,632,592	30	36.1
2019	56,224	66,986	1,673,676	30	39.6
2020	59,159	71,496	1,725,668	29	37.09

Education level in Years of Schooling	School Enrollment (3)	Unemployment Rate (4)
High School + 2 Years	8,995	9.4%
High School + 2 Years	8,972	7.3%
High School + 2 Years	9,177	7.0%
High School + 2 Years	9,200	5.8%
High School + 2 Years	9,600	4.0%
High School + 2 Years	9,872	3.5%
High School + 2 Years	9,742	4.7%
High School + 2 Years	8,971	5.2%
High School + 2 Years	8,716	4.3%
High School + 2 Years	8,500	4.4%

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CITY OF DESOTO, TEXAS

PRINCIPAL EMPLOYERS
(UNAUDITED)

Current Year and Nine Years Ago

	2020			2011		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
DeSoto ISD	1,095	1	21.58%	924	1	26.92%
Kohl's e-Commerce	800	2	15.77%	500	2	14.57%
Solar Turbines	440	3	8.67%	400	3	11.66%
City of DeSoto	391	4	7.71%	364	4	10.61%
Williamsburg Village	350	5	6.90%	210	8	6.12%
Wal Mart Distribution	350	6	6.90%	240	7	6.99%
GlasFloss Industries	300	7	5.91%	-	-	0.00%
Marten Transport	250	8	4.93%	300	5	8.74%
Hickory Trail Hospital	184	9	3.63%	-	-	0.00%
The Cedars	184	10	3.63%	-	-	0.00%
Cintas	158	11	3.11%	100	10	2.91%
DW Distribution	150	12	2.96%	-	-	0.00%
Vibra Hospital	110	13	2.17%	-	-	0.00%
Kroger	112	14	2.21%	-	-	0.00%
Park Manor	100	15	1.97%	-	-	0.00%
Thom Thumb	100	16	1.95%	150	9	4.37%
DIAB	-	-	-	244	6	7.11%
Mc-Graw Hill	-	-	-	-	-	0.00%
	-	-	-	-	-	0.00%
	-	-	-	-	-	0.00%
	-	-	-	-	-	-
	-	-	-	-	-	-
Total	5,074		100.00%	3,432		100.00%

CITY OF DESOTO, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
(UNAUDITED)

Last Ten Fiscal Years

Full-time Equivalent Employees as of Sept 30:

	2020	2019	2018	2017
Function/Program				
Governmental Activities:				
General Government	13	13	11	11
Public Safety	193	154	189	205
Development Services	23	31	30	32
Parks and Recreation Services	19	21	28	26
Finance	8	10	10	9
Municipal Court*	7	7	6	7
Library	10	11	9	8
Human Resources	5	5	5	5
Information Technology	7	7	6	5
Water & Sewer	34	31	22	26
Drainage	4	5	5	5
Sanitation	5	6	5	5
Total	328	301	326	344
Population	59,159	56,224	53,568	53,128
Staff per 1,000 population	5.54	5.35	6.09	6.47

* Formerly categorized with Financial Services.

Source: City of DeSoto Human Resource Department

2016	2015	2014	2013	2012	2011
10	10	10	10	11	10
207	193	184	188	196	200
29	27	27	25	25	25
35	34	34	36	28	28
9	9	9	15	11	10
7	7	6	6	6	6
8	15	15	15	12	12
4	5	4	3	3	3
3	4	3	2	2	2
30	31	31	30	28	26
5	5	5	5	1	1
5	5	5	5	5	5
352	345	333	340	328	328
52,586	51,934	51,483	51,102	49,047	49,047
6.69	6.64	6.47	6.65	6.69	6.69

CITY OF DESOTO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)

Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017
General government				
Number of public information requests processed	671	618	403	469
Public safety				
Number of youth outreach programs held	10	10	5	5
Number of senior citizen symposiums held	1	1	1	1
Number of citizen police academics per year	4	4	1	1
Fire code inspections completed	1,053	1,857	1,430	1,477
Development services				
Traffic signal inspections	36	76	36	36
Parks and leisure services				
Total fitness facility memberships	4,360	4,147	3,215	2,128
Total swimming pool attendance	-	17,591	16,257	18,624
Library				
Total children's' story time programs	88	116	134	55
Human resources				
Number of salary surveys completed	40	24	47	51
Finance				
Municipal court cases filed	6,691	7,747	8,088	9,425
Information technology				
Number of City computers replaced annually	95	74	67	94
Water and sewer				
Number of touch read meters changed out	1,497	1,497	1,604	1,692
Number of meters read monthly	17,561	17,561	17,740	17,570
Drainage				
Number of easements acquired for project construction	-	-	-	6
Sanitation				
Number of existing intersection landscapes renovated annually	23	24	18	6

Source: Information provided by the head of each department

2016	2015	2014	2013	2012	2011
503	386	392	267	2,320	2,023
5	5	2	1	9	10
1	1	1	13	1	1
1	1	1	1	2	1
1,433	389	235	463	756	835
68	68	34	204	68	68
4,017	1,139	4,433	4,519	6,347	4,861
16,699	17,723	15,817	16,461	16,474	17,148
69	63	61	51	57	53
40	25	21	28	24	4
10,101	10,077	12,371	9,157	9,105	10,499
61	24	58	52	82	65
1,740	1,580	4,224	457	1,002	1,338
17,387	17,254	17,484	16,903	15,480	16,008
7	-	-	-	3	-
18	4	17	2	6	4

CITY OF DESOTO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)

Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017
Public safety				
Police stations	1	1	1	1
Fire stations	3	3	3	3
Development services				
Lane Miles of streets	495	495	495	495
Miles of alleys	90	90	90	90
Traffic signals	17	17	17	17
Parks and recreation				
Number of parks	19	19	19	19
Civic centers	1	1	1	1
Swimming pools	1	1	1	1
Theater playhouses	1	1	1	1
Library				
Number of libraries	1	1	1	1
Water and sewer				
Water pumping capacity	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
Elevated water storage	5mg.	5mg.	5mg.	5mg.
Ground storage	13mg.	13mg.	13mg.	13mg.

2016	2015	2014	2013	2012	2011
1	1	1	1	1	1
3	3	3	3	3	3
495	495	493	482	478	491
90	90	90	90	77	91
17	17	17	17	17	17
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
39.5mg/day 5mg. 13mg.	39.5mg/day 5mg. 13mg.	39.5mg/day 5mg. 13mg.	39.5mg/day 5mg. 13mg.	39.5mg/day 5mg. 13mg.	39.5mg/day 5mg. 13mg.